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NEWS SUMMARY

GENERAL

Afghan ruler ousted in coup

...ident Daoud of Afghanistan ... deposed last night in a ...y coup after several hours street fighting in Kabul.

Kabul radio announced that ...Gen. Dagarwal Abdul Kadir ... taken over as head of the ... forces revolutionary coun... ...that the "last remnants ...perialist tyranny" had been ...ed.

...me 50 tanks drove into the ...e of Kabul at noon and ...n to fire on the palace, and ... Defence and Interior ...stries.

...rtly afterwards MiG-21 air... ...strafed a nearby military ...and air force headquarters ...e airport. Late in the after... ...a building in the palace ...nds was said to be burning ...ely after being hit by gun... ...and a curfew had been ...sed. ...Page

...plan held on ...2.4m. charges

Gerald Caplan, former chair... ...of London and County ...ities, whose collapse in 1973 ...ed off the secondary bank... ...crisis, was arrested in Los ...les on warrants alleging that ...tole £2.4m. from the group.

...SE invites ...seph again

...letter in which he apologises ...Sir Keith Joseph, Conservative ...ty policy organiser, for "the ...ulting and indefensible be... ...aviour of some of our students ...wards you," Prof. Ralf Dahren... ...orf, director of the London ...chool of Economics, invited him ...give a public lecture at the ...ool. Last night, Sir Keith ...cepted Prof. Dahrendorf's ...mirable offer."

...ommons reform

...werful committees to in... ...stigate the work of each Gov... ...rnment department and private ...rganisations receiving public ...nds are among proposals for ...ommons reforms made by ...abour Party leaders. The party's ...ational Executive calls for a ...reedom of Information Act to ...d MPs' inquiries and the ...evising of Commons proceed... ...ngs. Page 12.

...at man shot

...d Brigades urban guerillas ...ot a Fiat executive in the legs ...Turin. It was the sixth shoot... ...since the kidnapping of Sig. ...do Moro, former Italian ...remier. Kidnappers freed two ...oung hostages, for one of whom a ransom was reported to have been paid. Page 3.

Ehrlichman freed

...John Ehrlichman, 53, a ...ormer Nixon White House aide, was released from jail in Arizona after serving 18 months for his ...in the Watergate scandal.

...ter shooting

...shot and wounded a ...ur Exchange manager, 55, ...ewry, Co. Down. The man ...thought to have been a for... ...major in Ulster's Territorial ... Volunteer Reserve.

Briefly ...

...Mancroft, a former Con... ...servative Minister, is to break a 15-year silence on his removal from the Board of Norwich Union after Arab Boycott Office pressure. Page 12

Mr. Robert Maxwell, Pergamon Press chairman, is to publish the memoirs and speeches of Mr. Leonid Brezhnev, Soviet Prsident.

Eleven new posts in Hong Kong's troubled police force are to be filled by a former British Army officer and senrier police officers from Britain.

Marshal of the RAF Sir Neil Cameron, Chief of Defence Staff, began a week of visits to Chinese Army, Navy and Air Force units.

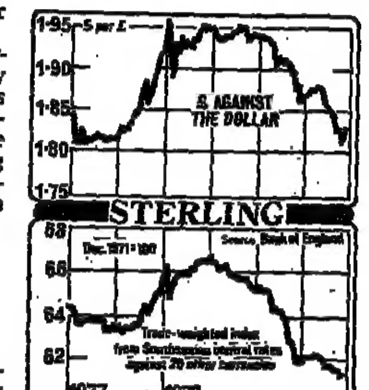
BUSINESS

Equities gain 10; sterling up 1.85c

● EQUITIES rallied in thin trading. The FT 30-share index gained 10 points to 467.8. Breweries recorded an above-average rise after the Price Commission report. Page 7

● GILTS recouped earlier losses to close unaltered on balance.

● STERLING rose 1.85 cents to $1.8330, with its trade-weighted index up to 61.4 (61.2). The dollar's depreciation widened to 5.51 (4.85) per cent. after the record U.S. deficit with Japan last month.



● GOLD rose $2¼ to $170¾.

● WALL STREET was 6.67 lower at 830.30 towards the close.

● TARMAC GROUP's losses arising out of two contracts undertaken by Cubitts Nigeria will be nearer £16m. than the £12m. originally forecast. Back Page and Lex; Results, Page 30

Steel £400m. loss forecast

● BRITISH STEEL forecasts a loss of £400m. for the 1978-79 year, while Sir Charles Villiers, the chairman, has set a management target of breaking even by March, 1980. Back and Page 10; Editorial Comment Page 22

● INFLATION ACCOUNTING proposals which go beyond the Hyde guidelines are being considered by senior members of the accountancy profession. Page 7

● ROLLS - ROYCE formula thrashed out by ACAS to end a month-long stoppage at two Coventry aero-engine plants will be put to the men today.

● TRADE UNION target of a 35-hour working week could threaten economic recovery and the fight against inflation, says an Employment Department report. Page 11

● SCOTLAND's three big clearing banks are to experiment with opening at lunchtime in a limited number of branches.

● LEYLAND VEHICLES, the BL truck and bus division, is to lose its marketing director, Mr. Allen Russell, after only one year in the job.

● WILSON COMMITTEE is to bring forward publication of a report on the financing of small companies to speed the introduction of Government measures designed to help them. Page 7

COMPANIES

● GEORGE WIMPEY pre-tax profits last year were a record £51.37m. (£44.49m.). Page 27 and Lex

● VICKERS pre-tax profits last year fell £13.24m. to £25.06m. after the nationalisation of its aircraft and shipbuilding interests. Page 26 and Lex

● GENERALE OCCIDENTALE, Sir James Goldsmith's main French company, has bought a majority stake in the L'Express magazine publishing group.

Further tax cuts likely as Tories spell out demands

By RICHARD EVANS, Lobby Editor

The prospect of further cuts in both the standard rate and higher rates of income tax rose yesterday when the Conservatives unveiled proposals for changes in the Finance Bill essentially similar to those proposed by the Liberals and Scottish Nationalists.

Sir Geoffrey Howe, Shadow Chancellor, announced that the Opposition would propose four major changes to the Finance Bill, including a 1p reduction in the standard rate, costing £485m. in the current financial year.

The figure, although costed by the Treasury at over £800m. in a full year, came as something of a relief to Ministers who had feared that the "hawks" in the Shadow Cabinet might seek to promote much higher tax cuts.

The initial reaction at Westminster was that some cuts look probable during the Committee stage of the Finance Bill, particularly a 1p reduction in standard rate, but they are not likely to be on a scale that would wreck the Government's economic strategy.

Both Government and Opposition MPs believe that although there will be some brinkmanship over the coming weeks, there is little sign that Mr. Callaghan will be forced into a summer election over the Finance Bill.

He would probably accept the £370m. cost of cutting the standard rate and possibly some alteration in higher rate bands. What remains uncertain is whether Mr. Denis Healey, Chancellor, would decide to take retaliatory action to raise lost revenue.

Sir Geoffrey was notably cautious in outlining the Opposition tactics, partly because the Tories are divided on the scale of cuts that should be sought, and partly because he was anxious to avoid the charge of political opportunism and economic irresponsibility.

Apart from the cut of 1p in standard rate (many Conservative MPs wanted the party to match the 2p reduction advocated by the Liberals) the Conservative amendments to the Finance Bill are:

● Changes in the structure of higher income tax rates so that the top rate becomes 70 per cent. above £21,000 compared with the present top rate of 83 per cent. Cost this year would be £130m.

● The threshold on the 40 per cent. income tax band to be raised from £7,000 to £8,000 at a cost of £50m. this year.

● Further changes in investment income surcharge, raising the threshold to £2,000 in general, and to £3,000 for those over 65. Cost: £5m. this year.

To avoid the inevitable charge of irresponsibility Sir Geoffrey proposed that the cuts should be matched by reductions in public spending programmes, in order not to increase the Government's borrowing requirement.

Sir Geoffrey said the 1p standard rate cut could be matched by withdrawing the £300m. recently sought by the National Enterprise Board; the £150m. for higher tax payers could come from cutting the programmes for municipalisation of housing and selective assistance to industry; the £50m. for the 40 per cent. tax band from Community Land Act funds; and the £5m. for the investment income surcharge from the money paid to those backing the guerilla war in Rhodesia.

The eleven Scottish Nationalists tabled amendments to the Finance Bill last night calling for a 2p reduction in the standard rate, the raising of the VAT threshold from £10,000 to £15,000 and a reduction of 2 per cent. in the standard rate of Corporation Tax.

Parliament, Page 12
Editorial Comment, Page 22

Power workers accept pay deal in close vote

BY CHRISTIAN TYLER, LABOUR EDITOR

THE GOVERNMENT appears to have escaped by a hairs breadth a damaging confrontation with power workers over the 10 per cent. pay limit.

A ballot of the 95,000 workers in four unions has approved the Electricity Council's pay offer by the slenderest of majorities: 550 of the 82,700 who voted.

Although reports from the power stations had suggested the voting would be close, the result, declared yesterday, was a shock to some union leaders who had initially been confident of a substantial majority.

Unofficial action looks unlikely. Militants who led the unofficial stoppages last autumn said yesterday they would accept the verdict.

Ministers will be relieved that the most explosive of the Phase Three wage negotiations have ended with support for a deal within the guidelines, although productivity payments raise the total value of the offer to around 18 per cent.

At the same time the Government faces a militant campaign by its own industrial workers who are pressing for special treatment in the wake of the 14 per cent. rise just announced for the Armed Services.

The campaign was launched yesterday by the Transport and General Workers' Union, which claims to represent about 80,000 of the 175,000 workers in naval dockyards and other military establishments.

Due for a rise under the 10 per cent. limit from July 1, the union is quoting the Servicemen's deal, the firemen's deal and others as ammunition for a forward commitment on pay and conditions. It wants another wage deal on April 1 next year, regardless of any 12-month rule, to bring its members into line with white-collar civil servants and other public sector employees.

Armed with thousands of wage slips showing take-home pay of under £40 a week, the union is holding [illegible] and lobby of Parliament on May 10. House of Commons catering staff and Ministers' drivers are expected to stop work that afternoon.

An Early Day motion was put down by TGWU-sponsored MPs yesterday calling on the Government to honour previous promises to industrial civil servants.

Voting on the power workers offer was 41,626 to 41,076.

Mr. Frank Chapple, of the Electrical and Plumbing Trades Union, said the result showed the amount of discontent in the industry.

The offer raises earnings by 10 per cent. On top there are new payments of £2 to £2.44 a week under the existing productivity scheme, plus £3.60 all round for a new self-financing productivity scheme. The offer could be worth between £10 and £18 a week, and some individuals, it is claimed, will get a 21 or 22 per cent. rise.

Fujitsu-Siemens computer deal

BY JONATHAN CARR IN BONN AND MAX WILKINSON IN LONDON

FUJITSU, the leading Japanese computer company, is preparing for a major step into the European market through an exchage agreement with Siemens of West Germany.

The move coincides with an intensive effort by Japanese manufacturers to mount an attack on the U.S. market of International Business Machines.

Fujitsu has recently announced a series of large machines which are claimed to outpoint the IBM products on several counts.

The largest Fujitsu machine is said to have a superior performance to IBM's latest 3033.

Fujitsu has developed new operating software (programs) which is claimed to be substantially more efficient than that supplied by IBM.

The Fujitsu machines are compatible with IBM systems, so that they provide direct competition for replacement and extensions in IBM installations.

Siemens, which has had reciprocal agreements with Fujitsu for many years, announced yesterday that it is to market the largest of the Fujitsu Facom M series computers. In exchange Fujitsu is to include Siemens' high-speed non-impact printers in its systems.

The two companies will continue their previous agreement on exchanges of technical information, and co-operate in development of software.

Siemens has not developed a large computer system of its own, concentrating on smaller- to medium-sized machines.

One reason is that IBM, with 60 per cent. of the German computer market and a dominant position in sales of large machines, has proved a formidable competitor.

Fujitsu's large computers will add conveniently to Siemens' existing range, because it is also compatible with IBM systems.

It has been clear for some time that Japan's hopes of extending computer sales in Europe could not succeed without the help of a strong European partner.

The main reason is that these sales are greatly dependent on the existence of a strong support network, both for maintenance of machines and development of software for particular applications.

Fujitsu's new agreement with Siemens follows establishment of a successful partnership with the Amdahl Corporation of the U.S.

European Court to hear tachograph dispute

By Guy de Jonquieres

BRUSSELS, April 27.

THE BRUSSELS Commission is to take Britain to the European Court of Justice over its refusal to comply with the EEC law requiring that all heavy lorries and coaches be fitted with tachographs, the devices used to record the time spent by a vehicle in motion and at rest.

To-day's announcement follows Britain's outright rejection of an ultimatum issued by the Commission in mid-February giving it two months to put the law into effect. A similar ultimatum was sent to-day to Ireland, the only other EEC country not to have made compulsory the installation of tachographs.

The Commission will ask the court of justice to rule that Britain is in breach of its obligations under the Rome Treaty and to order it to comply immediately. The court's decisions in such matters are final and have been unfailingly obeyed in the past by governments found guilty of treaty violations.

Lawyers in Brussels believe that the Commission stands a good chance of winning its case. They point out that the grounds on which it is being brought are well tried and that the relevant facts appear to be fairly straightforward.

Two months

The tachograph law has been in force since the start of 1976 for new heavy goods and passenger vehicles, as well as for vehicles carrying dangerous goods. It was extended to cover all vehicles in these categories from the start of this year, although vehicles weighing less than six tonnes and operating within a 50-kilometre radius have been exempted until mid-1979.

The Commission opened formal proceedings against Britain last October. After failing to persuade the U.K. to move on the issue, it sent a "reasoned opinion" last February, warning that Britain had only two months left to conform with the rules.

The Government has defended its position on the grounds that it would be unwise to make the tachograph compulsory while drivers' unions remained as strongly opposed to the device as at present.

Attempts to force the issue could lead to serious industrial disruption and large wage demands which could not be accommodated within the Government's wage restraint policy.

Continued on Back Page

£ in New York

	April 26	Previous
Spot	$1.8305-1.8315	$1.8130-8140
1 month	0.55-0.45 dis	0.55-0.47 dis
3 months	1.35-1.20 dis	1.32-1.25 dis
12 months	[illegible] dis	[illegible] dis

Canada may seek loan of $1.29bn.

BY FRANCIS GHILES IN LONDON AND VICTOR MACKIE IN OTTAWA

THE CANADIAN Government is expected to borrow at least $1.29bn. in the international financial markets. This will take the form of a medium-term international bank loan of at least $1bn., and of a Eurobond denominated in D-mark amounting to DM600m.

Citibank is expected to be lead manager for the credit which will be syndicated among U.S. banks and Deutsche Bank for the bond. Confirmation was not forthcoming last night from either bank's head office in New York and Frankfurt.

Pressure on the Canadian dollar has pushed it below 88 U.S. cents. At the close of trading in London yesterday it stood at 88.265 cents.

The pressure reflects the continued weakness of the Canadian economy and in particular the Government's failure to control inflation. In March, the consumer price index rose 1.1 per cent., equivalent to an annual rise of 13 per cent.

At yesterday's meeting, the Cabinet was also considering whether or not there should be an early dissolution of Parliament in preparation for elections in late June or early Jul[y in] the light of the conti[nuing] severity of the cou[ntry's] economic problems.

The terms the borrower [will] pay on the $1bn. credit [were] not indicated but a coupo[n of] 4½ per cent. and a five[-year] maturity were considered [the] most likely for the DM [bond]. This bond would be the la[rgest] raised in Deutschemarks. [The] World Bank and the EEC i[n the] past year have each raised [DM-]denominated bondso f DM50[0m.]

The Canadian Governmen[t has] borrowed heavily in the [inter]national markets in r[ecent] months. Last autumn it arra[nged] a $1.5bn. standby credit [with] Canada's five principal pr[ivate] banks. This standby wa[s in]creased to $2.5bn. three w[eeks] ago. The Government had d[rawn] $750m. of this total at the [end] of March but further draw[ings] although not confirmed offic[ially] are thought to have been [made] since.

Earlier last month Ca[nada] floated a three-tranche $7[...] Yankee bond in the New [York] market.

Canadian Cabinet discuss[es] early poll, Page 5

U.K. $350m. bond sale success in New York

BY JOHN WYLES

NEW YORK, April 2[7.]

THE U.K.'s first excursion into the New York bond market was meeting with predicted success early to-day.

Indications were that virtually the entire $350m. issue would be sold by late afternono.

The offer of $200m. seven-year bonds and $150m. 15-year bonds was competitively but not over-generously priced by underwriters, led by Morgan Stanley and Company.

Pricing was delayed until after the U.S. Treasury had announced its quarterly re-financing plans which in the underwriters' judgment proved to be neutral in their implications for the U.K. sale.

Yankee bonds, as such foreign government issues are known, traditionally sell at a better yield than comparable U.S. Government securities.

The "Triple A"-rated U.K. issue was priced to give slightly higher yields than expected when it was announced in the Budget 16 days ago.

The seven-year bonds, all of which were sold by early afternoon, were priced at par with an 8½ per cent. yield, about 35 basis points higher than the tra[...] levels of comparable U.S. T[rea]suries yesterday.

The 15-year bonds were [...] an 8¾ per cent. coupon, pric[ed at] 99 to yield 9 per cent., w[hich] was some 61 basic points hi[gher] than equivalent U.S. Treasu[ries].

By mid-day there were [...] indications that the longer-[...] bonds would be at least 90 [per] cent. sold by the close of tra[ding].

The U.S. Treasury's refi[nanc]ing plans were broadly in [line] with expectations, although [the] volume of 22½-year bonds t[o be] sold next week was some[what] higher than the market [had] thought likely.

Overall, the Treasury plan[s to] reduce the Federal debt [by] $1.88bn. through the sal[e of] $4bn. of securities compr[ising] $2.5bn. of 10-year notes [and] $1.5bn. of the 22½-year bond[s].

Michael Blanden writes: [The] U.K. authorities appeared [...] satisfied yesterday with the [out]come of the sale of the bon[ds]. The yields fixed, though hi[gher] than thought possible before [the] upturn in U.S. rates, were [...] in line with the spreads [over] U.S. Treasuries which it [had] been hoped to achieve.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:

Allied Breweries	88½	+ 4
Amal. Power	130	+ 9
Anchor Chemical	71½	+ 6½
Automated Secs.	68	+ 6
Bibby (J.)	247	+ 5
Brown (J.)	316	+ 10
Castings	36½	+ 5½
Cope Sportswear	94	+ 11
Costain (R.)	262	+ 10
Courtaulds	117	+ 5
Electrocomponents	385	+ 23
Euro. Ferries	117½	+ 7
Fisons	350	+ 12
Foseco Minsep	153	+ 11
Furness Withy	249	+ 12
GEC	248	+ 8
Gold Fields Prop.	78	+ 11
London & Gartmore	67	+ 7
Lucas Inds.	288	+ 10
M.L. Hldgs.	133	+ 17
Minet Hldgs.	180	+ 7
Nathan (B. & I.)	50	+ 4
News Intl.	240	+ 10
Steel Bros.	405	+ 29
Tarmac	151	+ 14
Thomson Org.	248	+ 13
Vernon Fashion	89	+ 6
Vickers	179	+ 7
BP	800	+ 16
LASMO	177	+ 11
Castlefield	300	+ 52
Pancontinental	975	+ 50
Southern Kinta	160	+ 10
Thiess Hldgs.	200	+ 14
Venterspost	173	+ 16
Western Hldgs.	£18	+ ¼

FALLS:

London Mrchnt. Secs.	86	− 7
MY Dart	59	− 6
Manders	92½	− 6
Stanhope & General	100	− 22

CONTENTS OF TO-DAY'S ISSUE

FEATURES

For latest Share Index 'phone 01-246 8026

E. Germany: raising the efficiency of go-slow workers


Herr Erich Honecker

BY LESLIE COLITT IN BERLIN

EAST GERMANS are being told that if they want to continue enjoying higher living standards and greater social benefits they will have to work more efficiently and turn out better products. The message is often couched in terms of "Socialist rationalisation, intensification, and Socialist competition" but East Germans are getting the idea.

An East Berlin woman who works in a state wholesale company explains: "You can roll out of bed any day and have the choice of a dozen jobs. I have one which is planned as an 8½-hour job, but I finish in five hours."

A 17-year-old East German toolmaker says he earns 914 marks (at the official rate £228) a month and overfulfils the required work norm. "It's easy, you don't have to strain yourself," he says, adding that he works in the evenings as a waiter, "mainly for the tips."

A chronic labour shortage and the legacy of the early post-war years when workers were paid little and expected to produce just as little has created workers who are used to setting their own pace. This approach now has to go, and one of the problems of the East German communist leadership is making this clear while it worries about the possible reaction of the workers.

"We can only consume what we have first produced," the Communist Party leader and President, Herr Erich Honecker, has said, appealing to the thrifty strain in East Germans. He has stated that there has been a "basic change in foreign trade conditions for our development." He meant that both Western and Soviet energy and raw materials have become dearer.

Financing the 90 per cent. of East Germany's imported energy and raw materials from the Soviet Union requires a greatly "increased value of exports," Herr Honecker told the people. Paying for imports of badly needed western technology, he says, requires "more saleable exports."

"Export production must be more forcefully organised for the non-Socialist economic area," President Honecker said, noting that "our customers increasingly demand higher quality goods—investment goods with the latest technology." The problem is that East German exports consist largely of manufactured goods with dated technology such as the revolving tower cranes which East Germany is forced to sell in the West at a low price because the electrical equipment has to be installed by Siemens. Similarly East German textiles and china are commanding lower prices in the West than products from the Far East at a time when East German industrial wages have risen to an average 950 marks a month.

In order to overcome great lags in research, development and production of new products, Herr Honecker recently cited as a praiseworthy example the East German industrial combines which, he said, were "offering increasingly successful competition to capitalist concerns."

More individual enterprises are to be vertically merged into combines which are to span the entire production process including research and development, rationalisation and exporting.

Shortly afterwards the chief executive of one of the leading East German combines, Carl Zeiss Jena, Dr. Wolfgang Biermann, was given an entire page in the communist newspaper, Neues Deutschland, to outline his recipe for economic success. Herr Biermann, who is a member of the party's Central Committee, praised Herr Honecker for noting that economic growth must "flow from the creative potential of our people," but he otherwise avoided obscure language.

Dr. Biermann noted that his combine has raised output in two years by 21.4 per cent. without increasing the labour force. This must be an achievement in East Germany where, as Herr Honecker noted, 3,500 jobs have been eliminated in the chemical industry in the past five years while 17,000 were newly created.

At Zeiss, Dr. Biermann said, 30 per cent. of all products "help to set international standards and 70 per cent. comply with them." Average development time for a product is 30 months. As an example of Carl Zeiss's success in exporting turnkey projects he cited the construction of a Zeiss observatory complex in Iraq.

East Germans who know about industrial management say that Herr Biermann has used Western techniques to achieve results at Zeiss. He took over the combine at a time when one of its most costly projects, a multispectral photo reconnaissance camera for use in the Soviet Soyuz 22 space mission, was far behind schedule. Under the new man the camera was completed in 18 months.

Herr Biermann reputedly offers his top executives "unplanned" salary increases of 3,000-4,000 Marks if they can deliver; if not they have to go. Such methods are criticised by some East Germans as "capitalistic" because the typical combine manager is a man who is thought of as someone content to leave his people alone and intent upon avoiding unnecessary aggravation.

Responsible

Another East German described the prevailing attitude of his countrymen who occupy responsible industrial positions in an interview with the communist newspaper for young people. "They deal with each other at meetings and conferences in a cool, objective and aloof manner. They play according to the rules, overlooking what should not be seen and avoiding confrontations. What remains is the real person who grows flowers at home and is building a *dacha* (cottage) and applying all his talents at home."

This over-cautious attitude, one East German factory director says, is not limited to managers but is also found, not surprisingly, "among production workers." Many East Germans say it is the result of too much ideology pouring forth from many high administrators.

Last week another article in Neues Deutschland also received a full page. The author, a district party secretary, dealt with the economic problems of his country with sheer Communist faith. He noted that his administration wants further to increase "the level of political-ideological work and the strength of the basic cells, so that the creative initiative of the working class can lead to a great increase of performance in all factories." He also quoted one of his exemplary party members who had coined a new slogan to encourage the saving of raw materials: "Saving each day is the worker's way."

Siberian testing ground for Soviet urban planners

BY DAVID SATTER, RECENTLY IN SIBERIA

ON THE snowy bank of the Angara River, future site of the new Siberian city of Ust-Ilimsk, traffic is moving now on an avenue lined with thick forest on one side and rows of modern apartment buildings on the other.

This is a tangible sign of progress for the city which affords views of young mothers entering a nwe shopping centre in the middle of a clump of pines, bulldozers clearing paths through the virgin forest and clusters of cranes at the sites of future kindergartens, clinics and schools.

Ust-Ilimsk is now the focus of the Soviet effort to build a modern and habitable city quickly and from scratch in the heart of the Siberian wilderness. As such, it is a kind of testing ground for Soviet urban planners anxious to develop means of attracting population to cold, remote areas where much of future Soviet economic development is to be concentrated.

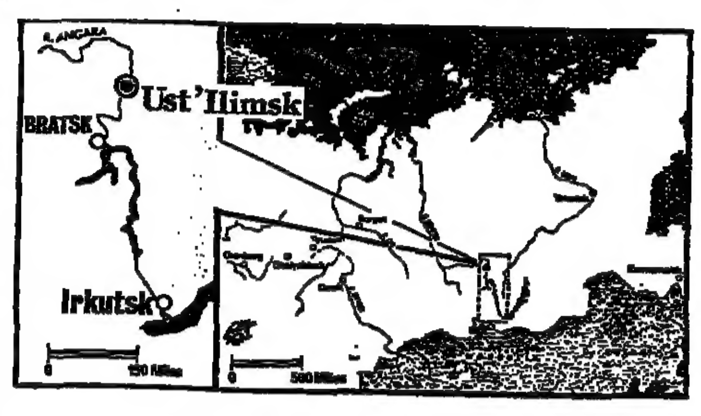
The need to guarantee workers for Siberian industry is a serious challenge. Unlike cities in other parts of the country, Siberian cities are seen as self-contained productive units tied to energy sources and deposits of raw materials. Like other new cities, they lack an established social structure but the effects of geographical isolation are magnified for Siberian city dwellers by the lack of economic or social connection with other centres.

The sense of isolation, in turn, is aggravated by the poor standard of housing which reflects the nationwide housing shortage and the extra expense of construction in Siberian conditions. Separate bureaucracies often plan for the productive enterprises such as blocks of flats, clinics and schools. Productive enterprises have priority with the result that good Siberian working conditions at big pay are often coupled with impossible living conditions. This leads in turn to a high population turnover as workers come to Siberia from other parts of the USSR to earn extra money and then return home.

It is hoped that it will be possible to break this cycle in Ust-Ilimsk and the new city going up on the right bank, which is already home to 10,000 people, resembles a well planned, wooded university campus. The new quadrangled blocks of flats are being grouped in "microregions" with stands of birch and pine trees left in the courtyards and shopping centres set up at the junctures of several quadrants, making it easier for people who come to Ust-Ilimsk from all parts of the Soviet Union to meet.

On the left bank of the Angara River, in the shadow of the powerful Ust-Ilimsk dam, the "builders' village" made up of tall brick dormitories and wooden barracks and shacks is still home to 80,000 people, many of them engaged in construction of the new city and the giant Ust-Ilimsk cellulose complex on the right bank.

The construction of Ust-Ilimsk is presently a focus of Siberian urban development but it has long antecedents at the most northerly major point of the



"Angara Cascade," a set of Siberian industrial centres on the Angara River, whose development was tied to hydropower.

The developmentof Ust-Ilimsk was based on the construction of the Ust-Ilimsk dam which in turn, received energy from the Bratsk. Ust-Ilimsk is to be a major industrial centre. Mr. Leonid Alexeev, Ust-Ilimsk's Deputy Mayor, said the city's 4.3m. kW dam, slightly smaller than the Bratsk dam, should be completed during the 1981-85 five-year plan and the cellulose combine, which is being built with the help of other Comecon member countries, will begin operation in 1979 producing 500,000 tonnes of cellulose a year. Ust-Ilimsk is also to develop into a base for exploitation of three rich nearby iron deposits.

The population of Ust-Ilimsk is targeted, perhaps optimistically, to reach 400,000 by the year 2000. The city now has a population turnover of 25 per cent. per year. Mr. Alexeev spoke confidently of the extensive facilities including a future sports complex on the shore of the Angara and indoor cafes and restaurants which, with pay bonuses, are expected to attract workers to Ust-Ilimsk.

The success of Ust-Ilimsk, and other Siberian cities, in becoming stable communities will depend on the general success of Soviet urban planning for Siberia. Unfortunately, the two basic problems of isolation and a shortage of adequate housing have not been solved.

The problem of isolation in a city like Ust-Ilismk where residents complain that there is literally nothing to do is answered by Soviet planners with the notion of regional centres on which cities like Ust-Ilimsk and Bratsk can draw. For the cities of the Angara Cascade, including the new cities of Zheleznogorsk and Sayansk, which are based on iron ore exploitation and fertilizer production respectively, the regional centre is to be Irkutsk, which has a population of 540,000.

The residents of Ust-Ilimsk are not, however, in a position to use Irkutsk's cultural resources. The bus trip from Ust-Ilimsk to Bratsk takes four hours and it is another ten hours by road to Irkutsk when the roads are passable. Hydrofoils ply the Angara in the summer but the only reliable year-round transport link is air travel, which in the Soviet Union invariably involves advance booking and long delays.

Bratsk, 300 miles away from Ust-Ilimsk, gives a better picture of the state of Siberian development efforts.

Bratsk is pread out because separate regions were built around various industrial enterprises. The central section of Bratsk, which is what is shown to visitors, makes a favourable impression.

Bratsk, however, has not solved the problem of inadequate social facilities and housing. Mr. Grigory Dvorovsky, the Deputy Mayor, said families live three and four to a room in peeling wooden barracks which housed the first workers to come to Bratsk 20 years ago. One worker said he and his family had been waiting for a separate apartment since 1971.

It may be assumed that even high Siberian wages will not be enough to attract 300,000 new residents to Ust-Ilimsk over the next 20 years and keep them. If the best planners can do to combat the sense of isolation in Siberian cities is to advocate the development of distant regional centres and the housing stock still consists in the year 2000 of the kind of barrack-room facilities housing workers in Bratsk 4 to-day.

Norwegian Barents oil ban offer to USSR

By Fay Gjester

OSLO, April 2[7]

THE POSSIBILITY of bann[ing] oil activity in some parts of [the] Barents Sea for a limi[ted] period was suggested [by] Norway to Russia during ne[go]tiations two years ago abou[t] continental shelf boundary, [the] Norwegian Foreign Minis[try] has confirmed.

The Norwegians appare[ntly] believed that this might m[ake] it easier for the Soviet Un[ion] to accept a boundary based [on] the median-line princi[ple] which would lie farther e[ast] than one drawn according [to] the Russian-favoured sec[tor] principle.

The talks ended in deadl[ock] however and the final c[om]munique did not mention [that] any such moratorium had e[ver] been suggested. That it [had] been was revealed in [a] recently-published book [on] Norwegian oil policy by John C. Ausland, a retired [U.S.] embassy official.

The ministry Press rele[ase] says the moratorium was "[in]dicated as a possibility [by] Norway" during the talks [in] Oslo in December 1975. It w[as] to have applied only for [a] limited time and only to [a] limited area on either side [of] the continental shelf bounda[ry].

The official statement d[oes] not say how long it w[as] envisaged to last or how lar[ge] an area would have be[en] affected. It stresses howe[ver] that the whole idea was c[on]ditional on final agreeme[nt] being reached about the sh[elf] boundary.

Renewed Soviet-Norwegi[an] talks on the boundary questi[on] held in Moscow in June 19[77] also failed to produce an agr[ee]ment. Thereafter, the [two] countries concentrated [on] reaching a provisional agr[ee]ment to regulate fisheries [in] the area.

This pact—the controvers[ial] "grey zone" agreement—w[as] finally signed in Oslo i[n] January. It contains a clau[se] stressing that it is purely tem[]porary and that it does not p[re]judice either countr[y's] boundary claims.

● Tests of four wells on [the] Tor field in Norway's sector [of] the North Sea show results w[ell] over previous estimates a[nd] well above the average for t[he] nearby Ekofisk field.

A spokesman for Philli[ps] Petroleum, the operating co[m]pany, said that under favou[r]able circumstances the fo[ur] could produce up to 60,0[00] barrels a day. This could [be] raised to 75,000 barrels a day [by] a fifth well now being drille[d]. Tor is now expected to come o[n] stream in June.

Living costs up 0.9% in France during March

BY DAVID CURRY

PARIS, April 27.

THE COST of living rose sharply in France in March and substantial increases are likely to continue well into the summer as the Government implements its decision to raise prices in the public sector.

The rise in March was 0.9 per cent, reflecting, according to the Government, the impact of the pre-election devaluation of the green franc on food prices. It follows an 0.7 per cent. February increase and an 0.3 per cent. rise in January.

The Government recognises that in deciding to move deliberately towards a more liberal system of economic management, notably by progressively releasing industry from price controls, and by permitting the public sector to charge more, it must inevitably pay the price in terms of cost of living increases.

It is hoping that the worst will be borne before the holidays and that the remainder of the year will see a gradual slow-down in the pace of inflation. However, the extent to which this happens will depend on the speed with which industrial prices are liberated after July and on the Government's success in holding the line on wages and preventing increases to the lowest paid, provoking higher wages throughout the salary scale.

In all events, it thought the Government is hoping to get away with 10 per cent. on the cost of living over the year and will interpret anything less than 12 per cent. as a success, in light of the long-term strategy of putting the economy on a sounder basis.

Italian executive shot by terrorists

By Dominick J. Coyle

ROME, April 27.

ITALY'S ULTRA-LEFT terrorist group, the Red Brigades struck again to-day, claiming responsibility for the shooting in Turin this morning of Sig. Sergio Palmieri, an industrial relations executive of the Fiat Motor company.

Sig. Palmieri was shot in the legs close to his home in the city's Mirafiori district

To-day's attack is the latest in a series of terrorist assaults against Fiat personnel, and the Red Brigades gangs now give the appearance of being able to operate almost at will in any part of the country, despite the continued security operation following the kidnapping of former Prime Minister Sig. Aldo Moro.

The Red Brigades still have not commented through their normal communiques on the Government's refusal to release 13 prisoners in exchange for Sig. Moro. And the authorities have no indication as to whether the former Premier is still alive or whether he has been "executed" following the rejection of the terrorists' demands.

Turkey to hold talks on restructuring debt

BY METIN MUNIR

ANKARA, April 27.

MR. ZIYA Muezzinoglu, the Turkish Finace Minister, is to discuss the restructuring of his country's \$2.5bn. debt, and the obtaining of fresh credits, with major banks in the U.S. and Europe next week, according to Central Bank sources here.

Before leaving for the International Monetary Fund (IMF) meeting in Mexico, Mr. Muezzinoglu said that at the beginning of next month Turkey would begin "peace-meal" payments for imports. No payments have been made other than for emergency imports and those of strategic importance for the past 14 months.

The Central Bank said that \$150m. out of the \$450m. IMF stand-by loan would be used for this purpose. But payment would be made only for a list of goods needed to get industrial production "lubricated" and complete investments close to completion.

Owing to its drastic shortage of foreign exchange, Turkey has also been unable to service its debt, \$2bn. of which are in the short-term so-called convertible foreign currency deposit accounts, and the rest in bankers' credits.

Turkey has proposed that this sum be lumped together into a big loan, to be repaid over seven years with a three-year grace period. It has also asked for the syndication of \$500-600m. of fresh money to finance its 1978 programme.

The Central Bank here says that agreement in principle has been reached on both matters.

Mr. Muezzinoglu, who is accompanied by Central Bank Governor Cafer Tayyar Sadiklar, will meet presidents and chairmen of 23 banks in New York on Monday.

Of these, eight constitute the "co-ordinating committee" brought together by Turkey to formulate the guidelines of the restructuring and the fresh loan. Involvement of all the 220 banks and corporations with stakes in the \$2.5bn. debt would be unworkably cumbersome, according to the Central Bank.

The members of the co-ordinating committee are Citibank, Chase Manhattan, Morgan Guaranty, Barclays, Deutschebank, Dresd Bank, the Union Bank of Switzerland, and the Swiss Corporation Bank. They are among Turkey's biggest creditors, accounting for over 35 per cent. of the total.

After New York, Mr. Muezzinoglu will meet bank presidents and chairmen in London and possibly in Frankfurt.

The restructuring, and the new loan, are not expected to be settled at these meetings. But the Turks hope that a wider audience will enable them to establish a better understanding with their creditors and to open up new channels of communication.

Commission asks for steel industry powers

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

BRUSSELS, April 27.

THE EUROPEAN Commission has formally asked EEC Governments to give it specific powers to vet in advance all State aids to the steel industry. This would ensure that they are compatible with the overall objectives of the Community's programme for restructuring the sector.

The chances of early action on the request are considered slight, however, because it must receive the unanimous approval of the Council of Ministers, where it seems certain to encounter strong resistance from the British, French and Italian delegations.

At present, the Commission has extremely limited authority under the Paris Treaty, governing the coal and steel industries, to regulate State aids in these sectors, which are outside the jurisdiction of the rules of competition contained in the Rome Treaty.

In an effort to impose some discipline on national policies the Commissioner for Competition, Mr. Raymond Vouel, wrote to EEC Governments last year asking them to supply on a voluntary basis information on planned aids. The response to this has been poor.

The Commission proposal would give it power to approve or prohibit all planned national, regional and local aids to steel, including public finance granted to nationalised companies. The aim would be to insure that aid schemes were of limited duration, that they were intended to promote genuine restructuring and did not cause competitive distortions.

● Charles Batchelor writes from Amsterdam: Prospects for European steel makers are now brighter than in the past three years due to the success of EEC measures and to the greater restraint shown by exporters on world markets. There are also signs that European governments are stepping up efforts to shut down excess capacity, Mr. Jan Hooglandt, the Chairman of the Managing Board of the Dutch-German steel group Estel told a Press conference here.

But while order books have lengthened slightly there is, as yet, no sign of a substantial improvement in demand and wage and energy costs are continuing to rise.

Current European price levels are still below the average 1977 level and are even below 1974 levels although costs have risen by 30 per cent. since then. European consumers pay less than Japanese and U.S. companies for domestic steel.

The EEC system of basis prices introduced at the start of this year has put an end to the "ruinous" competition on the European market and led to a number of satisfactory price and volume agreements with countries exporting to the EEC. This is expected to lead to steel producers in the Community cutting their losses in 1978 although they will not return to profit.

Jenkins on two-day Spain visit

By Robert Graham

MADRID, April 27.

MR. ROY JENKINS, president of the European Commission, to-day begins two days of talks with senior Spanish officials on Spain's application to join the EEC. This is his first visit to Spain as president of the Commission and is an indication of the increased contacts between the EEC and Spain in recent months.

Mr. Jenkins will have an audience with King Juan Carlos, and meet Sr. Adolfo Suarez, the Prime Minister, Sr. Marcelino Oreja, the Foreign Minister, and Sr. Leopoldo Calvo-Sotelo, the Minister for Europe (a post created in February). The latter was in Brussels earlier this month.

There is apparently no fixed agenda, but Mr. Jenkins is expected to go over a wide range of issue connected with Spanish entry. It is hoped here that he will be able to give some indication of the timing for the EEC decision on Spanish entry.

His arrival has been preceded by an agreement on the delicate topic of steel imports. This week a preferential agreement was worked out that means an effective cut in Spanish steel exports to the EEC of 85,000 tons this year to 900,000 tons.

EEC urged to act on pollution

BY OUR OWN CORRESPONDENT

BRUSSELS, April 27.

THE EUROPEAN Commission to-day entered the public debate provoked by the massive Amoco Cadiz oil spill, urging the EEC to act on several fronts to improve the means available for preventing and dealing with similar disasters in the future.

In a working document submitted to the Council of Ministers, it calls for an early ratification of international agreements designed to tighten up maritime safety regulations as well as for the adoption of specific measures to ensure better protection of EEC water from pollution risks.

France, which bore the brunt of the Amoco Cadiz oil spill along its Brittany coastline, has been pressing strongly for action by the Community in these areas, and EEC Heads of Government agreed at their recent meeting in Copenhagen that efforts to tackle the problem should be intensified.

But while the French anxieties are widely shared, there are differences over the approach that should be taken. A number of Governments are wary about acting too hastily in a field that is ridden by legal and technical complexities and are likely to insist that the Commission's proposals be weighed carefully before any decisions are taken.

One point on which there is as yet no censensus is a Commission suggestion that EEC countries should extend their jurisdiction over coastal waters to 12 miles. France and Italy have already taken this step, but Britain and several other countries have been reluctant to do so in the absence of a broader agreement in the United Nations Law of the Sea Conference.

Schmidt rules out tax cuts to boost German economy

BY JONATHAN CARR

BONN, April 27.

CHANCELLOR HELMUT Schmidt has moved to try to ensure that if a further boost to the economy is required later this year, the finance for it will be available and the direct effect will be the creation of jobs.

In taking his stand, Herr Schmidt has ruled out tax cuts as a means of achieving an economic stimulus—a measure advocated by some of the country's leading economic institutes earlier this week.

He has bluntly told members of the parliamentary group of his Social Democrat Party (SPD) that several of their wishes in the field of social legislation, desirable in themselves, are unlikely to be possible because of lack of funds.

In an address to the group, Herr Schmidt explained in detail that the State faced extra expenditure which was virtually unavoidable in the relatively near future. He mentioned, among other things, aid for domestic coking coal, bigger payments to the federal labour office and finance for measures to support Berlin.

Much of this had little or no impact on the current high unemployment level, Herr Schmidt noted. Tough savings measures were needed elsewhere, to ensure the Government had the funds available for new job-creation measures if and when required.

Herr Schmidt's speech, by no means greeted with favour by all members of the SPD group, shows how small the room for manoeuvre has become for any new economic boost likely to have more than marginal impact.

None the less, Herr Schmidt is clearly determined to keep his options on the expenditure side open—not least because of pressure from abroad. More German reflationary action appears to remain part of the price which the British wish to extract for active support for Herr Schmidt's plans for an area of greater currency stability in Europe.

Swiss control on monetary co-operation

BERNE, April 27.

HERR FRITZ LEUTWILER, president of the Swiss Central Bank, warned to-day against expecting too much from renewed attempts to strengthen European monetary co-operation.

He told the Bank's annual meeting it was not possible simply to decree exchange rate stability without first dealing with the fundamental causes of exchange rate unrest.

The U.S. dollar could not be forgotten in such co-operation, he said, and it would be necessary to seek the co-operation of the U.S. and the oil producing countries.

Herr Leutwiler also told the meeting that the Bank was maintaining its strict application of the ban on sales of domestic securities to non-residents. While the Bank and the Government would like to dismantle their defences against capital inflows, foreign exchange market conditions were still too volatile, and any softening would set the Swiss franc on an upward trend again.

He said that Switzerland's current account payments surplus could rise to Sw.Frs.9bn. this year from an estimated Sw.Frs.8.3bn. in 1977. This would be the second largest surplus among industrialised nations, exceeded only by that of Japan.
Reuter

OECD oil consumption up

BY ROBERT MAUTHNER

PARIS, April 27.

OIL CONSUMPTION in the OECD area increased by 2 per cent. in 1977 over 1976, according to the latest statistics, published by the International Energy Agency (IEA) and the OECD. But consumption in the fourth quarter declined by 1.4 per cent. compared to the corresponding period in 1976, the statistics showed.

The area's consumption in the fourth quarter of last year totalled 445m. tons. Of this the U.S. accounted for 196.3m. tons, a year-on-year drop of 0.6 per cent., and the European Community 121.3m. tons, a decline of 2.7 per cent., compared with the same period of 1976. Japanese consumption, however, increased by 0.4 per cent. to 61.3m. tons during the last quarter.

At the same time, OECD net crude oil imports during the same period fell by 2.6 per cent. to 308.5m. tons against 316.9m. tons for the last quarter of 1976. This decline in imports was compensated for by a production increase of 8.8 per cent. in the OECD area, which also permitted the continued build-up of crude oil stocks from 158.2m. tons at the end of the third quarter to 163m. tons at the end of 1977.

Product stocks were maintained at a substantially higher level last year than in 1976, closing the year at 248.5m. tons, compared with 218.2m. tons at the end of 1976.

Saudi Arabian exports to the OECD area of 74.7m. tons during the last quarter of 1977 remained relatively stable, declining by only 0.9 per cent. from the fourth quarter of 1976. On the other hand, oil supplies from Iran dropped by as much as 20.3 per cent. during the fourth quarter to 45.4m. tons, compared with the same period of 1976. Imports from Iraq also declined by 13.9 per cent. By contrast, imports from the Soviet Union and China increased by 27.1 per cent. and those from Algeria by 15.3 per cent.

Denmark faces fiscal restraint

By Hilary Barnes

COPENHAGEN, April 27.

DENMARK FACES a new round of fiscal restraint next year in order to ensure a continued improvement in the balance of payments, according to a report by the Economy Ministry to the Folketing (Parliament).

No increase in private consumption is expected in 1977-78, said the report, and this will help bring the payments deficit down from last year's DKr.10bn. to about DKr.7bn. But to prevent a new deterioration in the external deficit next year, tax increases of the order of a 2 per cent. increase in VAT (now at 18 per cent.) will be required. Under these conditions, private consumption in current price terms will rise by about 2 per cent.

The report said unemployment will remain at a high level and will probably stay at around 200,000 or 8 per cent. of the labour force until 1980. Without a new international upswing it will remain at this level until 1985.

The Ministry's forecasts are based on the assumption that Danish wage rates will increase at an average of 2 per cent. a year less than those in Denmark's main trading partners, although in 1977 the Danish performance was in line with the other countries. A strengthened incomes policy will be necessary, the report concluded.

Swedish deficit forecast

STOCKHOLM, April 27.

SWEDEN WILL tread a hard economic road for the next five years with high fiscal budget deficits and limited increases in private consumption, Mr. Ingemar Mundebo, the Budget Minister, said as he announced the Government's long-term forecast to-day.

Submitting the five-year plan to Parliament, Mr. Mundebo said that Sweden will record a 41.8bn. kronor (\$9.09bn.) fiscal budget deficit in 1978-79 and may have similar deficits for the next four years.

The latest forecast would mean that Sweden's national debt will jump from S.Kr.107bn. to S.Kr.307bn. during these five years. That is S.Kr.130m. more than a Government projection only 12 months ago.
Agencies

Catalan farm boycott

The Unio de Pagesos, the Catalan farmers' union which began last month's national strikes to press for price increases on staple agricultural produce, has begun a campaign to boycott next month's elections to the Camaras Agrarias, or agricultural chambers, the system of farmers' representation favoured by the Government, writes David Gardner in Barcelona.

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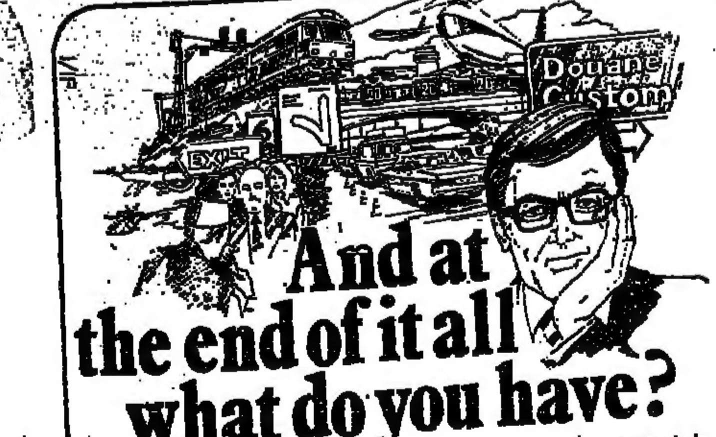
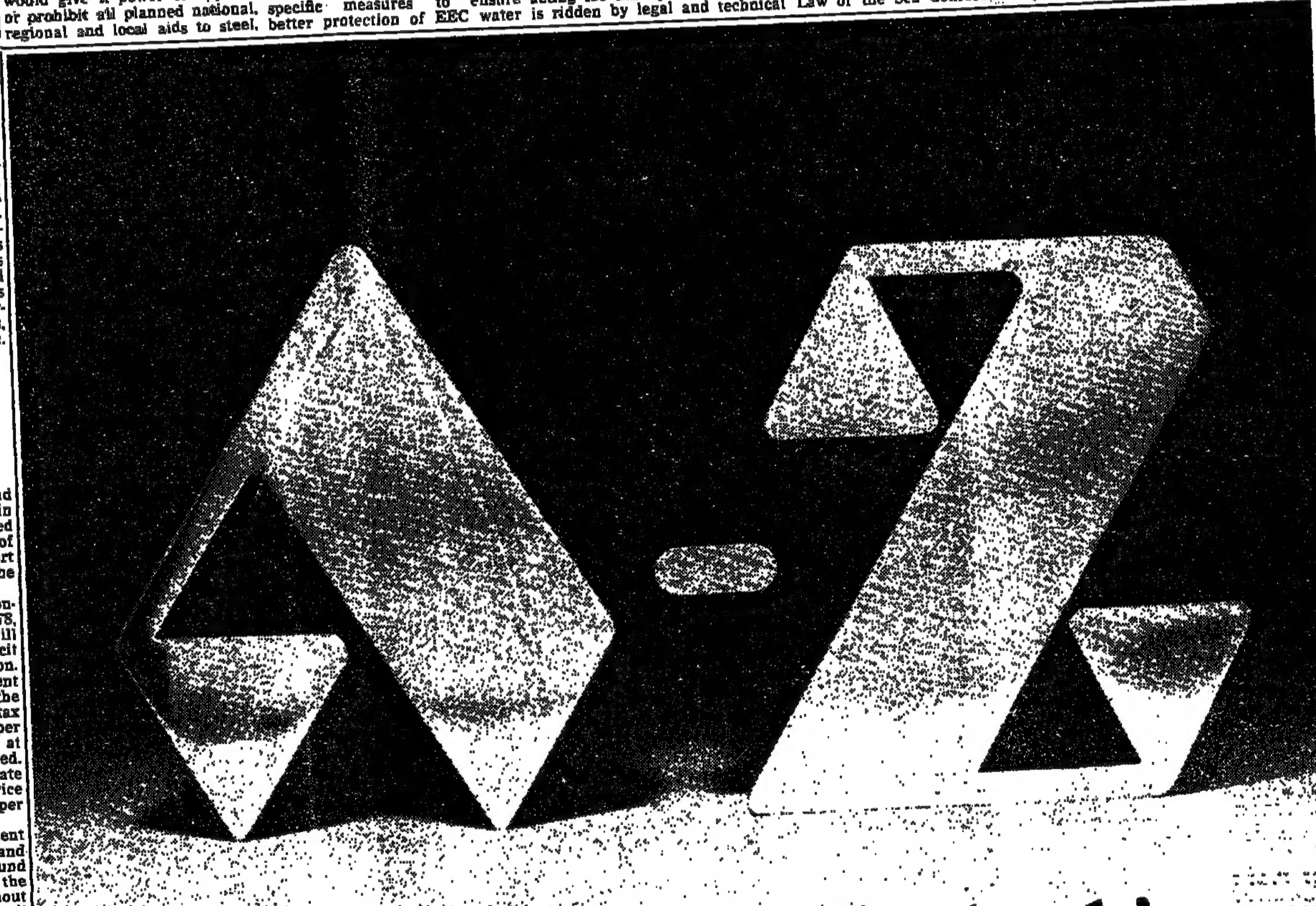




OECD slams Australia over trade restrictions

BY DAVID WHITE

PARIS, April 27.

AUSTRALIA'S increasing use of trade restrictions came under fire from the Organisation for Economic Co-operation and Development OECD) in a report published to-day.

Although it supported the Australian Government's domestic policies of curbing demand and limiting growth, the OECD urged an early withdrawal of "temporary stop-gap measures" which have meant slapping quotas on a quarter of the country's dutiable imports.

The saving of jobs in industries protected by these measures was offset by extra cost pressures and the threat of retaliation by other countries, the Organisation warned.

The report recommended that Australia keep steering away from more expansionary policies in its rather bumpy economic recovery. Inflation had slowed down but not as much as had been hoped. The Organisation's prediction for this year was that inflation would slow down further from the 9 per cent. annual rate registered at the end of last year to 7.5 per cent., the rate it had forecast originally for 1977.

Output might grow more this year than last, it said, but with a rather weak outlook for exports the balance of payments current account was likely to show only a slightly reduced deficit—to around $2bn. compared with $2.4bn. last year.

The export picture was affected not only by the world steel recession, which has hit coal and iron sales, but also by what appeared to be a bunching of shipments late last year and by the impact of the recent drought on farm production.

The risk of increasing the external deficit was another reason cited by the OECD for sticking by the current moderate growth policies. These, it said, already allowed for some expansion, and growth was likely to strengthen in the second half of this year.

Further Government borrowing was recommended in order to help the balance of payments and support the exchange rate of the Australian dollar.

Australia's strong long-term position as an exporter of resource-based goods gave it the leeway to increase its official borrowing, the report said.

The main worry was employment. The labour market looked as if it would grow only slightly this year and with an expanding labour force, this might mean an increase in the number out of work, which had already reached a post-war peak.

A warning was also issued on the policy of frequent small exchange rate changes which Australia has adopted since its big devaluation at the end of 1976. The new system might, it warned, run the risk of unsettling confidence rather than build it up

China facing bad drought

By Colina MacDougall

CHINA is facing a worsening drought, Peking radio has reported. The authorities have held an emergency meeting to plan operations, at which a vice-premier has said the situation was grave. The drought is threatening the summer wheat crop and is hammering spring sowing in the main wheat growing provinces along the Yellow and Huang rivers.

The presence of so senior an official as the vice-premier, Kang Shih-en, at the meeting suggests the seriousness with which Peking views the situation. Other provinces have already reported poor spring weather, notably Kwangtung province in the south, a major rice-growing area, where cold, wet weather has affected the early crop. Kweichow, also in the south, has reported a serious drought.

The north and central provinces of Shensi and Anhwei in the wheat-growing area now affected, reported drought conditions two weeks ago, and the situation has clearly worsened since then.

The wheat-growing region has been badly affected for the past two years by long spells of dry weather.

This prolonged lack of rain led last year to China's biggest contracts ever for imported wheat.

SWAPO leadership split by detention and exile

BY QUENTIN PEEL

JOHANNESBURG, April 27.

ALL BUT FOUR of the 13-member executive committee of the South West Africa People's Organisation (SWAPO) inside Namibia (South West Africa) have been detained or have left the country. Six other leading branch officials are being held under emergency powers.

Miss Lucia Hamutenya, Secretary for Legal Affairs and one of the last executive members still at large in the country, said to-day that 31 SWAPO members have been detained since April 4, including four executive members. The internal leadership of the nationalist movement has therefore been effectively broken up just as the negotiations for a peaceful settlement in the territory are coming to a head.

The latest detentions have been authorised by Judge Marthinus Steyn, the South African Administrator General, on the grounds that the detainees were a threat to the peaceful political process. Although he has insisted that his emergency powers, introduced last week, are not aimed at any one organisation, SWAPO officials say they are the only target.

The emergency powers were introduced after the assassination of Chief Clemens Kapuuo, leader of the Herero tribe and president of the anti-SWAPO Democratic Turnhalle Alliance.

Arab Fund first loans

BY JAMES BUXTON

THE Arab Monetary Fund will be in a position to make its first loans to Arab member states with balance of payments problems from July onwards, the chairman of the Fund, Dr. Said Nabulsi, said in Abu Dhabi after the AMF's second annual meeting.

The Fund's member states are to pay up a further 25 per cent. of the Fund's capital, bringing the total paid up to 50 per cent. of the authorised capital of 250m. Arab dinars by May, 1979, the Fund's governors decided. One However, the Fund's members decided that they would only pay the increased subscription to the capital if the Fund disburses at least 25 per cent. of the capital that has actually been subscribed.

Chad rebels sighted closer to capital

By Robert Mauthner

PARIS, April 27.

THE FRENCH Government has confirmed persistent reports that it has sent troop reinforcements to Chad at the request of President Felix Malloum's military Government, following renewed fighting between Government and rebel National Liberation Front (FROLINAT) forces.

According to reports reaching Paris, the military situation in the former French Central African colony has deteriorated rapidly since the cease-fire, concluded under Libyan auspices at Benghazi on March 7, broke down some 10 days ago.

Reconnaissance aircraft yesterday sighted a FROLINAT column of some 100 military vehicles, only about 350 km (200 miles) north-east of N'Djamena, the Chad capital. At the same time, the rebel front has distributed leaflets in N'Djamena, calling for a two-day general strike and demonstrations from to-morrow to protest against the French military presence.

The FROLINAT leaflets threatened French nationals with reprisals for the death of a dozen Chad civilians, killed during a Government-rebel clash around the central Chad town of Salal, which was occupied by rebel troops last week. Some French Press reports said that a number of French nationals had already been beaten up in the southern Chad town of Moundou, and that French-owned shops had also been looted.

The French military build-up in the Central African desert country has gone hand-in-hand with the evacuation of some 200 French families from the country and many more civilians are due to be repatriated within the next few days.

The French Government spokesman was at pains to point out yesterday that the reinforcements sent to Chad numbered only a few hundred, thus bringing the strength of French troops in the country to about 1,000. Though it is stressed in Paris that French troops would not become involved in military operations—they are officially described as "advisers"—the distinction between combatant and non-combatant forces is clearly difficult to respect on the ground.

Speaking in the National Assembly yesterday, M. Robert Galley, the French Minister for Co-operation with African Countries, stressed that France was not interfering in the internal affairs of Chad.

A REPORT FROM HO CHI MINH CITY BY K. K. SHARMA

The Saigon ways die hard

On my first day in Saigon I was accosted by a beggar though it did not happen again so I assume he must have been one of a few.

The bordellos and bars that made the city notorious before its capture on April 30, 1975 have gone but there are still prostitutes and opium addicts. These days, however, they are sent to "Make yourself Dignified" lessons.

Officials say these relics of a hedonistic past are a dying tribe and that it is only a question of time before they vanish. In any case, few people have money for such purposes.

The Vinh La Hotel near the Saigon river has painted on its exterior in bold letters "Champagne and Night Club." But that is a falsehood, a relic of the past that no one has thought worthwhile erasing.

Saigon or Ho Chi Minh Ville ment.

Saigon or Ho Chi Minh Ville as the city is now called still has to recover from the trauma of the South's defeat and the eventual reunification of the country in 1975. Attempts to "socialise" the former capital of South Vietnam and indeed the South itself are making slow progress.

The authorities in Hanoi maintain that there is no attempt to force Communism down anyone's throat. In fact even in the North Communism is not of the extreme Chinese variety. A degree of private enterprise exists there. In Saigon and in the South, capitalism persists to a surprising degree.

Officials concede that the South was always more prosperous and rightly point out that it was an artificial prosperity, entirely dependent upon enormous amounts of U.S. aid. That prop having been removed, the South and more particularly Saigon underwent an upheaval from which it still has to recover especially as it was closely followed by reunification with the North where power effectively lies. But because a relative prosperity persists in the South, the region retains its identity to a remarkable extent. The Government is in Hanoi, but the South is really the charge of a Deputy Prime Minister whose duty it is to ensure both integration and the introduction of socialism.

Travel of Northerns to the South and to a lesser degree of Southerners to the North is allowed only for compelling reasons. This has been made effective by having separate currencies in the North and the South, neither of which is legal tender in the other. To travel, therefore, requires permission to buy what is in effect foreign exchange, and the Southern dhong is not easy to come by for Northerners. It is easy to see after visits to Hanoi and Saigon why travel is not readily allowed. Life in the North has always been hard. Northerners continue to suffer privation and hardshops that are inevitable because of the long wars. Shops stock few goods and rations of essential commodities are meagre; each person is only allowed 4 metres of cloth a year. The ration is the same in the South but there is a thriving black market which makes it easy for anyone with money to buy just about anything.

Saigon no longer can boast the latest electronic gadgets or other luxuries, but people are better fed and better clothed than anyone in Hanoi. Women commonly wear the long skirt slit both sides from the waist downwards. This fetching and elegant national dress is rarely seen in Hanoi since each skirt requires more than the four metres given on the ration card. In Saigon women wear them in a colourful variety of material and design, often adding cosmetics (totally unknown in the North) to match the dress.

The Government has allowed the old order to survive to a degree. Factory owners and similar capitalists who are engaged in productive activity may continue to own their establishments and to run them "provided they co-operate." Co-operate they must, because all industrial units in the South were almost entirely dependent on imported raw materials, and imports require official permits. The capitalists are allowed to continue since the Government lacks the expertise to run the units, and the economy, already shaky, would collapse quickly if there were to be a sudden nationalisation. Those engaged in "non-productive" occupations are considered in a different light. Both the wholesale trade and much of the retail business is in the hands of the state. There are some privately owned shops, but they are clearly on their way out albeit slowly, since the Government has decreed that all exploiters must go and shopkeepers are the prime target. But the petty shopkeeper and pavement hawker thrives and will probably continue for years.

That is so partly because Saigon suffers heavily from unemployment. The authorities are making attempts to reduce the population by encouraging city dwellers to migrate to the "New Economic Zones" that are being established in all parts of the country. These zones are agricultural and meant to resettle people from densely populated parts of both North and South.

People in Saigon are being offered some more material incentives than those from other parts of the country. Some 500,000 people are said to have shifted to the New Economic Zones. But Saigon remains over-populated because the city dwellers are reluctant to take new agricultural vocations for which they are temperamentally unsuited. The authorities are confident that in time the New Economic Zones will solve the unemployment problem in Saigon since the Saigonese must see the writing on the wall and fall into line.

Socialism has still to come to the rural areas. At present just a few state farms and the New Economic Zones follow the pattern of the North. The rest remains privately owned. There is vague talk of starting "mutual aid teams," the first ste ptoward collectivisation, but for the present the farmers remain untouched. It will be years before socialism reaches them.

Japan rail strike ends

BY CHARLES SMITH

TOKYO, April 27.

JAPANESE railway workers ended a national transport strike to-day after only two days instead of the projected four when an independent arbitration body awarded them a 5.4 per cent. average wage increase.

The arbitration body, the Public Corporation and National Enterprise Labour Relations Commission (Koroi) had been called in to mediate when the dispute came to a head last week. The attempt at mediation, however, failed and Koroi was obliged to arbitrate the dispute following the rejection of its proposals by both labour and management.

Koroi apparently undertook to mediate in the wage dispute at the invitation of the rail unions on the understanding that it would be permitted to impose a compulsory settlement as a last resort. In previous years national railway strikes have frequently ended with arbitrated wage awards. This year appears to be the first occasion, however, on which an attempt has been made at mediation.

The early end of the strike would seem to reflect the rail unions acceptance of the fact that they had little or no chance of pushing their campaign for a wage rise in the 6-7 per cent. bracket following acceptance by the private railway unions of a 5.53 per cent. wage award on Monday. Little or nothing would probably have been gained by allowing the strike to run the full four days and to attempt a further round of strikes next week would have risked turning public opinion against the railways. The seven days starting on April 29 contain three Japanese national holidays and are thus one of the busiest periods in the year for the national railways system.

The railway unions' acceptance of a 5.4 per cent. wage award means that they have done marginally less well than the average for private sector wage awards this spring (about 6 per cent.). The award is also smaller than last year's when Japan national railways agreed to pay out an average of Y5,800 per worker (against 8,674 this year).

Lebanon consensus formula

By Ihsan Hijazi

BEIRUT, April 27.

THE LEBANESE Parliament to-day unanimously voted to uphold a national reconciliation formula which could pave the way to ending the country's political crisis and revive efforts at reconstruction.

All 75 deputies attending the session endorsed a six-point declaration of principles which had earlier been laid down by a parliamentary committee of Christian and Moslem leaders. Twenty deputies were absent including dissenters such as former Prime Minister Rashid Karami.

NY banking official warns of foreign role

By Mary Campbell

THE International Banking —now being considered by U.S. Senate, becomes law, it y well come about that the aks which are widely repre- ited across the U.S. will all be eign-owned.

This was said yesterday by Ms riel Siebert, the New York e Superintendent of Banks, a news conference in London. e was referring to the fact t the Act would allow foreign aks in the U.S. to operate in re than one state—something nestic U.S. banks are not owed to do.

Ms. Seibert said she was in ndon to describe the state nking department's attitude the growth of foreign banks New York, and also to talk out the implications of the leral legislative recent de- opments on this subject.

The attitude of the department likely to be one of the crucial tors in the success of attempts foreign banks to buy banks New York. Ms. Siebert said it she had not yet received y "numbers" on the Hong ng and Shanghai Banking oup's takeover of Marine dland.

She expressed a very favour- le attitude towards foreign nks in New York, which she scribed as "very very good izens of New York." She sug- sted that the new Act would it foreign banks on a more vourable footing in the U.S. an domestic banks. For, while ich of the act was designed to it them on an equal footing th domestic banks (in respects here hitherto they had been at disadvantage), the ability to erate in more than one state ould put them in an advan- geous position vis-à-vis U.S. mestic banks.

The ways in which foreign nks would be put on an equal oting with domestic banks in- ude giving them access to the ederal Reserve system to the S. branches of foreign banks and thus giving them access to S. dollar lender-of-last-resort cilities and to insurance from e Federal Deposit Insurance orporation.

Ms. Siebert said that, as far she was concerned, the easures needed to create the nditions for the development f an "off-shore" banking entre in New York would go rough extremely quickly.

U.S. COMPANY NEWS

Bendix pays $87m. for Asarco take: Consolidated Foods third quarter rise; Hoover ahead, Page 34

Canadian cabinet discusses whether to hold early poll

BY VICTOR MACKIE IN OTTAWA & JAMES SCOTT IN TORONTO

THE CANADIAN Cabinet was yesterday considering whether or not there should be an early dissolution of parliament, in preparation for elections in late June or early July, in the light of the depressed state of the economy.

This was highlighted by the fact that the Government was understood to be preparing to borrow at least $U.S.1bn. in the form of a syndicated loan arranged through Citibank in New York, to relieve pressure on the battered Canadian dollar.

At its meeting, the Cabinet also considered final approval for a bond issue denominated in Deutschemarks, worth a reported DM600m.

The pressure on the Canadian dollar has pushed it down below 88 U.S. cents and in the past few days it has swung widely in interbank dealings, despite the intervention of the Bank of Canada to moderate its movements. At close of trading on Wednesday it was at 88.31 U.S. cents.

The pressure has come because of the continued weakness of the Canadian economy and the failure of Government controls to moderate the rate of inflation.

During March, the consumer price index rose by 1.1 per cent. or at an annual rate of 13 per cent., whereas the Government's target, when controls were introduced three years ago, was an inflation rate of 6 per cent. by this time.

Persistent opposition questions in the House of Commons this week about whether the Federal Government will move towards foreign exchange controls have also adversely affected the dollar. Mr. Pierre Trudeau, the Prime Minister, and Mr. Jean Chretien, the Finance Minister, have both emphatically denied that the Government planned such controls.

The depressed state of the economy has the Liberal Government worried as to whether it would be opportune to call an election now, particularly in the light of uncertain public opinion polls on the popularity of the Government. Mr. Trudeau can wait until July, 1979, before his five years is up.

Besides the failure to moderate the rate of inflation, unemployment has soared to 8.5 per cent., with over a million out of work in this country of 23m. people.

From April 15, the Government began phasing out its prices and incomes control programme. This has caused fears that the unions will demand massive wage increases, which have further strengthened pressure on the Canadian dollar.

Senate signals agreement with Carter tax cut plan

BY DAVID BELL

WASHINGTON, April 27.

THE U.S. SENATE last night signalled, in a vote on the overall target for the fiscal 1979 budget, that it is in broad agreement with the size of the tax cut now being proposed by the Carter Administration.

The Senate voted by 64 to 27 to work for an overall budget of some $498.9bn. which would include a deficit of $55.6bn. Although this is some $5bn. less than the $60.5bn. figures favoured by the White House the difference is actually largely technical. The gap reflects the Senate view that new tax cut rates, as proposed by the Administration, cannot come into force until three months after the October, 1978, start of the 1979 fiscal year.

Both the Senate and its Budget Committee agree with the President that the economy is going to need a $25bn. net tax cut next year if the current economic recovery is not to wind down. But the agreement on the overall figures masks some discord about some of the tax reforms now proposed by the Administration and support for tax breaks opposed by it.

Both the reforms and tax credits are currently being considered by the House Ways and Means Committee which has already emasculated some of the Administration's planned reforms. It has indicated a measure of support for the view also held by Mr. William Miller, the Chairman of the Federal Reserve, that the deficit should be kept down to no more than $53bn. an dthat the tax cut should therefore be scaled down.

President Carter is lobbying fiercely on Capitol Hill for his original scheme which, he insists, enjoys the broad support of the American people and is essential if the country is to have continuing balanced growth next year.

THE IMF COMMITTEE MEETING

Grappling with the dollar problem

BY DAVID BELL IN WASHINGTON

THE INTERIM Committee of the International Monetary Fund (IMF), which meets in Mexico City this weekend, will consider a number of proposals which might put the international financial system on a firmer footing and will, as before, reflect continuing concern about the health of the world economy.

Few concrete developments are expected from the meeting, partly because the participants will not want to upstage the economic summit that is taking place in Bonn later in the year. At the same time there is no agreement within the Fund on a range of issues, including the size of the proposed seventh quota increase, and it will be some months before a consensus emerges o nthese subjects.

However, Fund staff hope that the Committee will authorise the organisation to begin detailed study of the so-called "Witteveen Plan" which, in essence, calls for a new issue of Fund Special Drawing Rights (SDRs) designed to soak up excess dollars and help bring a measure of stability to world currency markets.

Under this scheme the dollars absorbed in this way would be "frozen"—and thus not immediately accessible to members who had sold them in return for SDRs—but interest on the money held by the IMF would be paid to countries taking part.

The U.S. has a number of objections to the scheme which, it believes, is not sufficiently worked out and could intensify inflation. U.S. officials also believe that it would do nothing to solve the real dollar problem —that, in times of stress, it is vulnerable to huge movements in the stock of privately, rather than publicly, held dollars.

Nevertheless Mr. Anthony Solomon, the Assistant Treasury Secretary for Monetary Affairs, acknowledged yesterday that there was "some interest in a moderate allocation of SDRs to retain the credibility of the asset" and the U.S. is not expected to block further study of the scheme. However, some European hopes that the plan might involve as many as 10bn. new SDRs are unlikely to be realised and the U.S., on present form, is willing only to consider a much more modest scheme, if any scheme at all.

Mr. Solomon said that Mr. Michael Blumenthal, the U.S. Treasury Secretary, plans to unveil concrete American proposals that would give weight to the new Article 4 of the Fund which came into effect this month. This gives the IMF a much greater role in the "surveillance" of exchange rates.

The Deputy Secretary said that this article could "open a new era in the history of the Fund" and underlines the "potential for a key IMF role in the international adjustment process." He said that Mr. Blumenthal would be proposing "procedural" moves which would get the process under way, but declined to speculate on what these might be.

Article 4 does give the Fund the authority to begin consultations with countries which, in the IMF's view, are not properly adjusting their exchange rates. But quite how the Fund would effectively police its intervention remains to be seen since the Article gives it relatively little in the way of sanctions.

On the question of a new increase in quotas it is unlikely that much progress will be made. The West Germans are still sticking to their view that th eseventh increase should be only between 25 and 30 per cent., the British would prefer 50 per cent. and other countries are at various points in between. The U.S. which probably favours an increase at the lower end of this range has not made any public commitment, principally because it remains embarrassed by the fact that the Senate has yet to approve U.S. participation in the so-called Witteveen supplementary financing facility.

There may however be agreement on a small number of selective quota increases perhaps involving six or seven countries, but not in such a way as to upset the current delicate balance of power inside the Fund.

U.S. warning of asbestos dangers

By Our Own Correspondent

WASHINGTON, April 27.

THE U.S. Government has begun the long task of warning workers who may have handled asbestos during the past 40 years that they may be at great risk of contracting serious diseases, including cancer.

Mr. Joseph Califano, the Secretary for Health, Education and Welfare, told a news conference yesterday that as many as 11m. Americans have been exposed to asbestos at work since the start of the second world war. It is now known that the health effects of asbestos appear after a long latent period of from 15 to 35 years or more after the initial exposure," he said.

The department said that even as little as a month of working contact with asbestos could cause disease many years later, because the "inhaled dust, being mineral tends to remain in the tissues." It has now begun to send a three-page letter detailing Government concern to all the 400,000 doctors in the U.S. and is advising any worker who may have worked with asbestos to have a chest X-ray.

But Dr. Sidney Wolfe, of the health research group which first raised the asbestos issue, said that Government warnings are inadequate. The Government had a duty to seek out former federal workers to discover if they might have been exposed to asbestos under certain circumstances.

Corporate campaign right backed

BY JOHN WYLES

NEW YORK, April 27.

THE CONTROVERSIAL rights of U.S. corporations to launch political campaigns over public issues has been affirmed by the Supreme Court.

The ruling, by five votes to four, delivered yesterday is generally welcome to corporations which have resisted efforts by some states to curb their political campaigning activities, and particularly their efforts to influence the outcome of public referenda. But the decision is arousing hostile comment from public interest groups which have latched on to the minority opinion of three dissenting justices, who argued that the ruling would undermine the federal law which prevents corporations from making direct political contributions to candidates.

More directly, the court's decision struck down a Massachussets law which made it a crime for banks and other corporations to stage propaganda campaigns for or against public ballot propositions, other than those "materially affecting" the property business or assets of the corporation.

In essence, the court found that corporations could not be deprived of protections of freedom of speech under the first amendment to the constitution. The majority of justices argued that the procedures of corporate democracy should determine whether shareholders were in general agreement with the stand taken by a corporation over a public issue, and that no state law was necessary to prevent such a phenomenon.

Chief Justice Warren Burger, in a supplement to the majority opinion written by Justice Lewis Powell, added that the stand taken by Massachussetts raised "serious questions" about Press freedom.

Argentine plan for Rhodesians

BUENOS AIRES, April 27.

RHODESIAN immigrants may settle in the northern Argentine province of Salta, should the provincial administration offer sufficiently attractive land and credit. This was stated here by Mr. Charles Hildevrand and Mr. John Martin, representatives of a group of Rhodesians who have been touring the country in search of potential settlement areas.

They said that they had held talks with the provincial authorities on the possibility of settling 1,000 Rhodesians in Salta.

In Argentina, the issue has had little coverage. Observers point out it is likely that local farmers in Salta and other areas will protest strongly. This is because they feel that they have had little financial help from the military Government IPS

TV advertising proposals

BY STEWART FLEMING

NEW YORK, April 27.

THE FEDERAL Trade Commission (FTC) published to-day outline proposals for the regulation of television advertising aimed at children. The suggestions include the banning of all advertising on programmes where very small children make up the audience, that advertising of sweets and other sugared snacks should be banned at times when older children make up a significant part of those watching and a proposal that those who advertise sugared food should be required to counter the messages with nutritional or health advertising.

For several years, the FTC has been seeking to move towards the development of regulations for children's advertising under its general powers to prevent deceptive commercial practices.

There is strong opposition from the advertising industry and to-day's statement is likely to be only the latest stage in a protracted process. The FTC will have to hold hearings and take written submissions before deciding whether to formulate regulations and which regulations to decide upon. It is likely to face legal challenges on any regulations it does put into effect, either on the grounds that they infringe the First amendment guaranteeing freedom of speech, or because the regulatory proposals were not based on adequate supportive evidence.

The Commission conceded to-day that many questions concerning the impact of advertising on children need to be answer

Cuba avoids commitment on Eritrea

HAVANA, April 27

PRESIDENT Fidel Castro has affirmed Cuban support for the territorial unity of Ethiopia, but did not say whether Cuban troops were being allowed to move against the secessionist guerillas in Eritrea.

Gen. Castro spoke at a rally last night which also heard an address by the Ethiopian military ruler, Col. Mengistu Haile Mariam, who is on a visit to Cuba.

The Cuban leader said that he would not bow to Western pressure and withdraw from Ethiopia the Cuban troops who helped the Ethiopian regime to defeat Somali forces in the war in the Ogaden region. But nor did he say anything about committing them to the conflict in Eritrea, where the Addis Ababa regime is fighting against separatists.

Cuba has in the past distinguished between the Ogaden war, on which it held that Ethiopia was invaded, and Eritrea, which it sees as an internal problem.

In his speech to the rally, Col. Mengistu said that the Eritrean secessionists had failed to respond to peace offers, and that he was now resolved to crush them. He was sure that "the Cuban masses will be together with us in this effort."

Col. Mengistu apparently left open a possibility of future peace talks with the Eritrean guerillas.
Reuter

China plans export-only factories

PEKING, April 27.

CHINA IS eager to boost trade by opening exports-only factories and producing goods under foreign brand names, a British business mission said to-day.

The mission organised by the "48 Group" and representing major British companies, including Ford, British Layeland and Joseph Lucas, said China had acknowledged that its goods were not always up to standard on both the home and overseas markets.

Government officials had made several suggestions for increasing trade, the mission added. China would be willing to improve packaging and presentation of goods, design products for export and Chinese factories would be encouraged to meet the demands of buyers and supply under purchasers' brand names, the mission said in a Press statement.

"Even more surprising was the willingness expressed to set up complete factories, where necessary to make goods only for export, perhaps buying the plant wholly or in part from abroad and offering payment by products, the statement said.

China would take increasing advantage of supplier credits, the mission added, with repayment periods of perhaps up to 10 years. Payback and compensation deals are already being discussed, and the Chinese are in a mood to experiment, the mission reported. The mission was told: "providing proposals are reasonable, and economically sound, we will consider anything put forward."

The mission is from the 48 group which sent the first Western trade mission to China in 1953, and has been trading with the Chinese steadily since. Membership, originally 48, has now risen to about 85, and includes both importers and exporters, now numbering GKN, GEC-Marconi and Joseph Lucas among the group.

The mission asked for a list of items in which China felt it was weak and the businessmen will submit their own list in return.

Mission chairman S. G. Sloan told the news conference Britain was in a particularly good position to offer China expertise and equipment in highly specialised fields including aerospace, defence, electronics and telecommunications. He said British makers hoped to get contracts from the Chinese government for large numbers of heavy vehicles.

Reuter

Britain has 'not more than two months' to decide on airliners

BY ADRIAN DICKS

HANOVER, April 27.

BRITAIN has "not more than a month or two" to make up its mind whether to join in the next generation of European civil aircraft projects, a leading European aircraft industry executive has warned.

Herr Rolf Siebert, director of Deutsche Airbus, also said that the European partners believed in the need for Airbus Industrie, the consortium building the A 300 European Airbus, to build and sell "as a package" the B 10 version of the Airbus and the two proposed joint European transport (JET) narrow-bodied airliners.

Yesterday Herr Martin Gruener, the senior West German Government official responsible for the aerospace industry, stepped up the political pressure on Whitehall to throw in its lot with Europe rather than accept the alternative of co-operation being proffered by Boeing—which has also pressed for an early British answer.

The strong impression here among European aerospace executives is that Airbus Industrie will try to go ahead with its plans, whether the British join in or not.

The Airbus Industrie company itself is riding high on the recent triumph of its sale of 23 A 300s to Eastern Airlines, of the U.S., plus options for nine more, and other likely orders.

Further, the company has been greatly encouraged in its soundings for the prospects of the scaled-down B 10 Airbus. Not only has Eastern taken out options for 25 aircraft of this type, but Airbus Industrie has held what it calls "very intensive discussions" with United Airlines of the U.S.

It believes it is now within sight of winning 25-30 launching orders from big European airlines, which it could present to European Governments as a more certain guarantee of the project's viability than U.S. orders which, in the wake of the Eastern deal, it fears may now be subject to intense domestic political opposition.

Airbus Industrie executives, as well as the West German and French Governments, still hope that Britain will participate in the B10. Should British aerospace do so, it would get a large slice of the development work including development of a new wing.

Britain's staying out, they say, would not affect the timetable of the B10, if it is assumed that the first planes would be built by about 1982. VFW-Fokker, one of the present Airbus Industrie participants, has already done extensive engineering work on new super-critical wings in the context of its proposed super F-28 short range airliner.

Tied up with Britain's decision on the B10 is, of course, the question of its participation in the two JET projects. These two planes are now regarded as very closely linked to the B10 and to the expansion of Airbus Industrie itself as the organisation that would co-ordinate production and sales of all three.

Mr. Dan Krook, the Dutch sales director of Airbus Industrie, regards it as esential that the three types should be marketed together. This would give Europe its best chance to market a family of aircraft parallel to the new series planned by Boeing.

From this position of greatly enhanced confidence, the European manufacturers still plainly hope to see the U.K. industry throw in its lot with what, as top executives point out, would be a joint venture and not "glorified sub-contractor" status with which they describe the deal being offeed to British Aerospace by Boeing.

Britain has complained that the terms of the European offers remain blurred on financial and work-sharing details. That is not the view at Hanover, one very senior European executive said bluntly that "we have finished negotiating. We have spelled out exactly to Britain what we are offering. It is up to the British now to respond."

Greek deficit widens

BY OUR OWN CORRESPONDENT

ATHENS, April 27.

AN INCREASE of 15.5 per cent. in imports and an almost standstill in exports resulted in a trade deficit for Greece of $1.053bn. in the first quarter of this year, according to figures released by the Bank of Greece. This represents a 26.7 per cent. increase over January-March 1977.

Imports increased to $1.73bn., mainly because of a sharp increase in imports of durable consumer goods, while exports rose a mere 1.6 per cent. to $680m.

The trade deficit was largely covered by a 13.6 per cent. increase in invisible earnings which totalled $752m., mainly from shipping which rose 4.2 per cent. to $268m., from tourism at $139m. (up 28.7 per cent.) and from emigrants' remittances at $209m. (up 14.8 per cent.).

Invisible payments in January-March totalled $232m., leaving a deficit on current account of $533m., an increase of 46 per cent. over the first quarter of 1977.

IAI orders rise

TEL AVIV, April 27.

EXPORT orders on the books of Israeli Aircraft Industries exceed $400m. and actual exports in fiscal 1978-79 will come to $220m.

For the first time, exports will exceed business inside Israel. The directors also reported that the average added value amounted to 60 per cent.

Danish petrol sales venture

By John Walker

STOCKHOLM, April 27.

THE JOHNSON group, one of Sweden's largest privately owned concerns and Norsk Hydro, the Norwegian oil, chemicals and aluminium concern are to form a joint company for the distribution and sales of petrol in Denmark.

The new company—Danbenzin—will have a share capital of Danish Kr.10m. and the company is expected to commence operations by June 1 this year. It is expected that the new company will have about 60 petrol stations and sales in Denmark are forecast to amount to about 70m. litres annually.

Pressure on Eximbank over South Africa

WASHINGTON, April 27.

THE HOUSE banking committee voted to have Congress, for the first time, take legislative action against South Africa.

The committee approved a proposal to bar Eximbank credit guarantees for business activities in South Africa. This was part of a Bill extending the Eximbank for five years.

The measure was staunchly opposed by the South African Government and by some U.S. companies, such as Caterpillar Tractor, doing business there.

The Carter Administration said that while it was considering taking similar action on its own, it opposes Congress limiting the Administration's flexibility in this area.

Although Eximbank does not make direct loans to companies doing business in South Africa, there currently are close to $200m. of such loans that are guaranteed or insured by Eximbank.

Under the measure adopted to-day, all future activity would have to cease unless the President determines that significant progress toward majority rule is being made in South Africa.

The ban still could be softened in the committee next week when the panel considers a proposal to allow Eximbank assistance to South Africa only if it is aimed at helping "basic human needs."

Nevertheless, Congressional sources predicted the anti-South African provision has a good chance of surviving when the Eximbank Bill reaches the House floor.

The outlook is more uncertain in the Senate, which has not started considering the Eximbank legislation yet.

Hungary

The House of Representatives trade subcommittee to-day voted to give Hungary the same low tariffs as non-Communist countries. This is in agreement with President Carter that trade relations should be improved with Hunagry by according it most favoured nation tariff treatment. Poland, Yugoslavia and Romania are already receiving most favoured treatment.

AP-DJ and Reuter

EEC proposes exception to tariff cut offer

BY DAVID EGLI

GENEVA, April 27.

A LIST of possible withdrawals from its original no-exceptions tariff offer was submitted by the European Community to-day to other trading partners in the Tokyo Round of multilateral trade negotiations. The Community warned that "at the present stage of negotiations" reciprocity to its earlier offer was not sufficiently assured.

Earlier this month, Europeans formally invited the U.S. and Japan to improve what, after detailed study, it considered to be unsatisfactory tariff reduction offers. The present move is seen as an additional nudge to these two countries to match the European position.

The Commission's director general for external affairs, Sir Roy Denman, met other top level negotiators here nearly three weeks ago. At that time he complained that the Japanese offer at present tariff it would amount to overall duty reductions of a mere 18 per cent., compared with the more than 40 per cent. offered by the Community. The Japanese claim that their offer also amounts to 40 per cent. is on the basis of 1972 tariffs which have since come down.

With respect to the U.S., Mr. Denman remarked that although Washington had matched this level overall, there were many exceptions in the American offer list frequently covering high tariff peaks. These had been counterbalanced by greater than average cuts on items that already had very low duty levels. To-day's statement said: "this runs counter to the principle of tariff harmonisation which Community considers to be the highest importance.

Details of the Communit[y] exceptions list were not i[m]mediately available. But it w[as] pointed out that the list of p[os]sible withdrawals included o[nly] a limited number of produ[cts] which would be totally exclud[ed] from the "Swiss" tariff red[uc]tion formula generally adopt[ed] by the negotiating countri[es]. Most products on the list wo[uld] simply be subject to less th[an] formula cuts.

A Community list of exce[p]tions, which is now open [to] negotiation, was to be expect[ed] in the final run up to the Ju[ly] 15 deadline now set for co[m]pleting the broad outline of t[he] Tokyo Round agreement.

Protectionism at a peak

BY LORNE BARLING

PROTECTIONIST pressures in recent months have reached a level not experienced for more than a generation, the Geneva-based General Agreement on Tariffs and Trade said in its annual report yesterday.

Many of the calls for protection have come from industries which have failed during the years of prosperity to adjust to changing competitive realities, and now in harder times find themselves hard pressed to compete with imports, the report says.

GATT does not believe, however, that the challenge to liberal trading policies is serious at present. "Most of world trade is moving freely and all governments continue to resist, with considerable success, domestic pressures to introduce import restrictions," it adds.

"What is essential is that governments continue to hold fast and to contain what is recognised by all to be a very difficult and dangerous situation."

On the multilateral trade negotiations in Geneva, GATT says that despite the unfavourable economic circumstances, there was evidence of a strong renewal of political commitment by major governments to the negotiations.

The potential benefits to the world community, in terms of new trading opportunities and a strengthened and updated set rules to govern and foster inte[r]national trade relations, we[re] generally recognised.

"So too are the dangers of relapse into economic natio[n]alism which a failure of t[he] trade negotiations would sign[al] and probably entail," GATT co[n]cludes.

Following the slowdown [in] trade during the second half [of] last year, GATT finds it difficu[lt] to predict the outcome this yea[r].

It points out that even [if] growth picks up, its favourabl[e] effects on employment and o[n] the lagging world economy wi[ll] be felt only after some delay.

U.K. Argentine prospects

BY HUGH O'SHAUGHNESSY

ARGENTINA HAD become a valuable trade partner for Britain over the past two years but it was too early to make a decision about its suitability as a place for new British investment. This was stated by Lord Nelson of Stafford, Chairman of GEC, who has just returned from leading a 20-strong mission of the London Chamber of Commerce and Industry.

He forecast that British exports to Argentina, which had doubled since 1976 to £30m. a year, could double again over the next two years.

Among the British industries which could particularly benefit from Argentina's increased purchasing power he mentioned the power industry, shipbuilders, manufacturers of food processing machinery.

Lord Nelson said that there were good prospects for British suppliers to gain contracts in the multi-billion pound Itaipu hydroelectricsch eme being built by the Brazilians and the Paraguayans. Members of the London Chamber mission to Argentina continued to Uruguay and Paraguay.

Admiral Sir Antony Griffin, Chairman of British Shipbuilders, who was deputy leader of the mission confirmed that Britain was competing strongly for shipping orders for Argentina. British yards were bidding for the supply of a third Type 42 guided missile destroyer similar to the Hercules delivered to the Argentine navy last year and the Santisima Trinidad now building at the AFNE yard near Buenos Aires. Britain was also hoping to supply a number of Type 21 frigates and some smaller offshore patrol boats for the Argentine Navy.

Renault plans for Mexico

By David White

PARIS, April 27.

THE ASEMBLY of Renault cars in Mexico which account for almost a tenth of the local market, is to be reorganised under a joint company in which the French State-owned manufacturer will have a 40 per cent. stake.

The remaining 60 per cent. will be held by Diesel Nacional, the Mexican company which currently imports Renault parts for assembly.

The two groups have signed a protocol agreement with a view to setting up the new organisation before the middle of the year.

Investment pact with Jordan

By Rami G. Khouri and Anthony McDermott

AMMAN, April 27.

NEGOTIATIONS ARE expecte[d] to be concluded soon between the Jordanian and British Gov[ern]ments on a reciprocal agree[ment] to guarantee investments.

This agreement, which will b[e] the fourth after similar ones wit[h] West Germany, Switzerland an[d] France, is part of Jordan's driv[e] to encourage foreign investment[s] by providing a legal framewor[k] of guarantees.

This agreement is derived from OECD models. Its primary ai[m] is to guarantee against nationa[l]isation and expropriation, an[d] to assure investors that if these actions were to take place because of compelling national interests compensation would be fairly paid.

There are also to be guarantees against such non-commercial risks as war and civil strife. Under such circumstances claims for compensation by British investors would be treated on a par with claims by Jordanian nationals.

LEGAL NOTICES

No. 001193 of 1978.
In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of CANNONQUEST LIMITED and in the the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the winding up of the above-named Company by the High Court of Justice was on the 17th day of April, 1978, presented to the said Court by CITY ELECTRICAL FACTORS LIMITED whose Registered Office is situate at 1 Station Road, Kenilworth, in the County of Warwick, Electrical Factors a Creditor of the above-named Company and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 15th day of May 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose: and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

HANCOCK & WILLIS,
7 Great James Street,
London WC1N 3DA.
Agents for:
Wragge & Co., Birmingham,
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to the above-named, notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their solicitor (if any), and must be served or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 12th day of May 1978.

No. 001230 of 1978
In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of WEST END SHOWROOM CENTRE LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the restoration of the above-named Company to the Register of Companies and for the Winding up of the above-named Company by the High Court of Justice was on the 19th day of April 1978, presented to the said Court by THE PRUDENTIAL ASSURANCE COMPANY LIMITED whose registered office is at 142 Holborn Bars, London, EC1N 2NH, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 15th day of May 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

B. A. WRIGLEY,
142 Holborn Bars,
London, EC1N 2NH.
Ref: SL/2/CJM.
Tel: 01-405 9222 Ext. 6365.
Solicitor for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 12th day of May 1978.

HOME NEWS

Inflation accounting proposals will go beyond Hyde 'guide'

BY MICHAEL LAFFERTY

INFLATION accounting proposals are being considered by senior members of the British accountancy profession. The scheme will go beyond the existing so-called Hyde Guidelines which large companies have been asked to observe during the interim period until an acceptable inflation accounting standard can be developed.

It is likely that the plans will be issued in exposure draft form for a public comment period of perhaps three months, next year. However, it is envisaged that companies will prepare their main accounts on the traditional historic cost basis.

The decision to improve on the Hyde Guidelines comes less than a year after members of the English Institute of Chartered Accountants voted against making any version of the system known as current cost accounting mandatory.

This grass-roots revolt came at the end of the discussion period on the inflation accounting proposals prepared by Mr. Douglas Morpeth's Inflation Accounting Steering Group. It was originally intended that companies would changeover to the Morpeth system for their main accounts within a short period. But the steering group's plans were widely criticised as too-theoretical, and generally as trying to do too much too soon.

The Hyde Guidelines were introduced late last year in an effort to salvage something from the failure of the Morpeth proposals. But they are not mandatory—even for the largest companies—and allow for a great degree of flexibility in implementation.

Essentially, companies are asked to give three figures, designed to show the effects of inflation on their profits, in notes to their accounts. So far it appears that around 75 per cent. of large companies are complying.

The latest scheme will probably be prepared by the Morpeth Group, but it will be heavily vetted before publication.

Brewers agree price freeze to January

BY DAVID CHURCHILL

A VOLUNTARY freeze on beer prices until early next year has been agreed between the big brewers and the Department of Prices.

Allied Breweries, which makes Double Diamond, Skol, Long Life andother beers, agreed yesterday not to seek price rises until January at the earliest. The agreement comes after a similar assurance from Bass Charrington, the market leaders, in recent talks with the Department of Prices.

The announcement of Allied's agreement to a voluntary price freeze coincided yesterday with the publication of a Price Commission report giving the go-ahead for a 7.4 per cent. price rise. Allied had already implemented these rises under the price control provisions which safeguard profit levels.

Allied had previously told the Commission that it would not raise prices until November "unless there are exceptional and unforeseen changes in circumstances." But after talks with Mr. Roy Hattersley, Prices Secretary, it agreed to extend the freeze to January.

Mr. Charles Williams, Commission chairman, said last night that "the era of beer going up in price every three months is over."

He hoped that the rest of the brewing industry would follow the example of the big two producers and hold prices down until next year. "I am quite confident that the price of a pint will be held where it is at least well into next winter and I hope considerably beyond."

The Price Commission report concluded that "the company's profitability following the increases will not be excessive." It found that, on an historic cost accounting basis, return on capital employed was 9.7 per cent. in 1975-76 and 9.5 per cent. in 1976-77.

But on a current cost accounting basis it fell from 4.9 per cent. to 3 per cent. in the corresponding years and "a further fall is expected in 1977-78."

Balance

The Commission is critical of the balance between wholesale and retail prices in Allied's tied houses. It believes that the prices at which beer is charged to the tied public houses "appear to be artificially high."

"We would expect the company to move in the direction of redressing the balance by weighting price increases towards managed houses rather than at the wholesale level in future notifications."

The Commission acknowledges that there is a limit to the progress an individual brewer can make in this area.

Allied said last night that it had noted the Commission's comments, but they were a matter for the industry as a whole.

* *Allied Breweries (U.K.) Limited—Brewing and Wholesaling of Beer and Sales in Managed Houses. SO. price 85p.*

● Stuart Alexander writes: Three of the four big tobacco companies are thought to be considering an early request to the Price Commission for increases in cigarette prices. No dates have been set, but it is known that Imperial Group, Gallager and Carreras Rothmans, are concerned at the effects nearly two years of price war in a diminishing market have had on profits.

Mr. Kirkland Blair, managing director of Carreras Rothmans, told the Berks Bucks, Oxon and North Hants section of the Wholesale Tobacco Trade Association: "I would like to be able to give you more details but I cannot because the rules do not permit me nor would it be competitively wise. But we believe we have a good case and cannot see much likelihood of a refusal."

Frigg boost to gas supply

By Our Energy Correspondent

NEW SUPPLIES of natural gas from the Anglo/Norwegian Frigg Field boosted deliveries to the British Gas Corporation by 8.4 per cent. in the first quarter, compared with the same period last year, according to the Department of Energy's latest statistics.

Gas from both the Norwegian and U.K. sectors of the large Frigg fields is being carried through a common pipeline.

Both the field and the receiving terminal at St. Fergus, near Peterhead, are due to be opened officially within the next fortnight.

According to the Government's Energy Trends, total sales of gas last year increased by 4.2 per cent. to 14.6bn. therms

Although the growth was slower than in 1976, it was still well ahead of the general increase in energy consumption last year.

Provisional figures show that consumption rose by 2.1 per cent with each of the main fuels sharing the increase.

Oil output

Coal, electricity and petroleum were each up 2.2 per cent. but other solid fuels, mainly coke, fell by 8.4 per cent. as a result of the low level of activity in the steel industry.

Coal production in the first quarter of this year was 1.3 per cent. higher than in the corresponding period last year, because of a 15 per cent. rise in output from opencast mines.

Total U.K. production during the period was 31.2m. tons while consumption was 33.1m. tons. Compared with last year, productivity, measured in output per manshift, went up in March by over 1 cwt. to 46.86 cwts.

Oil corporation's director hits back at its critics

BY RAY DAFTER, ENERGY CORRESPONDENT

MR. ALASTAIR Morton, a managing director of British National Oil Corporation, yesterday hit back at recent criticism of the State oil company.

He described the attacks from Mr. George Keller, vice-chairman of Standard Oil of California, and Mr. Bob MacAlister, president of Occidental International Oil, as "good, nearly-clean fun."

Mr. Morton, who was speaking at a conference on World Energy Economics in London, questioned the reasoning behind Mr. MacAlister's remarks—made in a letter to employees—that it was the "unpublicised objective of the Socialists eventually to put the rest of us out of business."

The State oil company and the British Gas Corporation had less than 8 per cent. of proven reserves, Mr. Morton said.

Even with the planned expansion of its equity interests in offshore groups and its sole exploration licences, it was unlikely that the State's equity share of production and proven reserves would be more than 15 per cent. by the mid 1980s.

The figures should "put Mr. MacAlister straight," said Mr. Morton in what was the corporation's first public riposte.

Lord Kearton, chairman and chief executive, is expected to expand on the corporation's view of the companies' criticisms after a Board meeting in Glasgow today.

Mr. Morton said that the Government's policies were geared towards creating a partnership between the Department of Energy, as the regulatory body, the corporation as an effective participant and adviser, and the oil companies who were helped by a "very friendly taxation system."

The North Sea was one of the most favourably-taxed regimes in the world.

But the corporation's dual role as a commercial undertaking and as Government adviser, was yesterday attacked by Prof. Brian Griffiths, Professor of Banking and International Finance at the City University.

In his inaugural lecture, he said the case for the corporation was about as strong as the case for "a State ice-cream corporation."

Ultramar forms group to bid for licences

ULTRAMAR, the London-based oil group, has formed an international exploration group to bid for new licences in the North Sea.

The group will comprise Ultramar, Pan-Canadian Petroleum and Houston Oil and Minerals Corporation, each of which has been active in world-wide oil exploration. Ultramar will be the operator.

The Government is expected to announce new conditions for the sixth round of licences within the next few weeks.

Another offshore group, led by Phillips Petroleum, said yesterday that testing of four new wells in the Tor Field near the big Ekofisk discovery, showed production potential well above the average in that part of the North Sea.

Production from the four wells, due to start in June, could reach 50,000-60,000 barrels a day, Phillips commented.

Non-stop inflation blamed on Keynes

BY DAVID FREUD

A CALL for a return to balanced budgets is made in an Institute of Economic Affairs booklet.

The authors—two from the U.S., one a Briton—say that the switch to deficit financing made respectable by the economic theories of Lord Keynes gave politicians "the excuse to overspend, overborrow and create money."

The booklet, entitled The Consequences of Mr. Keynes, in echo of the economist's classic attack on the Peace of Versailles, calls for "a major reform of the British monetary-fiscal constitution."

The reform should comprise the re-adoption of a balanced-budget rule, preferably written, an adjustment rule automatically triggered by the emergence of Budget imbalance, central bank independence, and a fixed rule for the rate of growth of the monetary base.

The three economists say that fears that the reforms would cause a slump are unfounded.

They add: "Keynesian macro-economic policy neglects the realistic political setting of parties in search of political favour.

The Consequences of Mr. Keynes, by J. M. Buchanan, John Burton and R. E. Wagner, Hobart Paper 78 published by the Institute of Economic Affairs, 2 Lord North Street, London, S.W.1, £1.50.

Faster aid for small companies

BY NICHOLAS COLCHESTER

THE WILSON Committee is to bring forward publication of a report on the financing of small companies to speed the introduction of Government measures designed to help them.

The committee, which is studying Britain's financial institutions, said yesterday that the special report would be published this autumn or winter.

Mr. Harold Lever, Chancellor of the Duchy of Lancaster, is working on further tax and financial measures which could help small companies.

He has said he wants to be advised on this by the Wilson Committee and by the Roll Committee on finance for industry, which is carrying out a special study of a possible Government guarantee system for clearing bank loans.

The preliminary report will draw on the large amount of evidence on small companies which has been submitted to the committee.

A working party of three committee members will pull this evidence together in a progress report on which the committee will base its conclusions.

Another report which will help the committee form a view is being prepared by a research panel, headed by Dr. Joan Mitchell, which is assembling case studies of small companies in the Nottingham area.

The main report from the Wilson Committee is not due until next year.

Lautrecs fetch £324,630

SALEROOM

BY ANTONY THORNCROFT

THE SECOND sale of lithographs by Toulouse-Lautrec, collected by Ludwig and Erik Charell, sold for £324,630 at Sotheby's yesterday. The first part had been disposed of as long ago as 1966 (for £105,535). Erik Charell is perhaps best known in the U.K. for his production of White Horse Inn in 1931.

The top price was the £37,000, plus the 10 per cent. buyer's premium, for "Idylle Princière," a lithograph showing the American heiress Clara Ward with the gipsy Rigo, with whom she subsequently eloped. A sequence of five lithographs of "Elsa, dite Viennoise" sold for £20,000, and "Miss Loie Fuller," the dancer, made £14,500. Tunick, the New York dealer, paid £7,200 for a lithograph of "Miss May Belfort."

In New York on Wednesday an auction of American manuscripts and autograph letters made £779,205. A batch of papers carrying the signatures of men who had signed the American Declaration of Independence sold for £106,557, and a document signed by Paul Revere made £38,251.

A pink enamel and gold sedan chair by Carl Fabergé sold for £26,170 at Christie's sale in Geneva on Wednesday of Russian works of art. It was bought anonymously in a sale which totalled £571,134 (Sw.Frs. 2,073,220). Made in St. Petersburg between 1896 and 1898, it is very similar to another sedan chair in the Forbes collection, New York.

Also bought anonymously was a heart-shaped jewelled and enamelled gold imperial miniature frame at £11,020. Also by Fabergé, it contained miniatures representing Tsar Nicholas II, his wife and their second daughter, Tatiana, in the year of her birth.

A gold-mounted diamond necklace, acquired at Fabergé's by Luise van Gilse van der Pals as a wedding present for her daughter Lucy in 1907, also sold anonymously for £8,815. It is one of the rare items of jewellery surviving from the Fabergé workshops, and, in common with most Russian jewellery, is unmarked.

In a sale of furniture and Eastern rugs and carpets at Christie's yesterday, Ossowski, the London dealer, paid £1,300 for a mahogany sidetable with rectangular marble top on cabriole legs. The sale totalled £54,153.

A sale of fine claret and white Bordeaux, also at Christie's, totalled £70,885. A dozen bottles of Chateau Margeau, 1961 realised £900, and a dozen bottles of Chateau d'Yquem, 1967, £180.

Engineering output declines by 0.86%

By James McDonald

OUTPUT by the engineering industries declined by 0.86 per cent. between the third quarter of last year and the period November to January.

Both mechanical and electrical engineering contributed to the decline while the small instrument sector was unchanged, according to Department of Industry production indices.

A 1.5 per cent. decrease in production between the two periods in the mechanical engineering sector was concentrated in a minority of industries—valves, mechanical handling equipment, and, markedly, industrial plant and fabricated steelwork—but their falls outweighed the rising trends in the remainder of the sector.

The Department comments that it is too early to say that the 15.6 per cent. drop in industrial plant and fabricated steelwork indicats a real decline.

"The large values of single products in this industry can give rise to fluctuations in the sales statistics on which these series are based," it says.

Revenue up

REVENUE for independent local radio last month totalled £2,446,080, bringing the amount for the first quarter of this year to £5,960,008, a 38 per cent. increase on last year's £4,333,933.

Executive earnings expected to fall

BY JASON CRISP

DIRECTORS' and managers' earnings have risen by nearly 6 per cent. in real terms in the last year, but can expect a fall in the current year unless there are changes in the tax rates, says the British Institute of Management' salary survey.

The institute says that the average fall in managers' net pay in constant price terms since 1974 has been 17 per cent., compared with a decline of 4 per cent. in the national average wage on the same basis.

"Our comment can only be that the Chancellor has deliberately ignored the opportunity to correct the imbalance of the incidence of personal income tax."

The survey covered about 35,000 executives in 466 companies, and showed an overall increase in gross salaries of 13.8 per cent., which net of tax is 16.4 per cent. The average gross salary for directors rose by 12 per cent. to £16,891. and for managers by 13.9 per cent. to £8,136.

More than 70 per cent. of the directors earned over £10,000 a year, as did 14 per cent. of the managers. Nearly 2 per cent. of the sample earned over £20,000, and ½ per cent. over £30,000.

"This is expected to be about 15 per cent. by most economic forecasters and may well turn out to be higher.

"It appears to be the turn of salaried workers other than managers to fall behind." It is thought average pay would be up by "little over 10 per cent." by June.

Nearly 36 per cent. of the executives received a bonus. For supporting management the bonus was roughly equivalent to a month's salary. "But at director level it can be an important part of total earnings." Average bonus for chief executives equals 17.1 per cent. of salary.

On fringe benefits, a general trend toward liberal holidays continued. "It is reasonable to assume that we are observing the ripple effect of holiday improvements, starting on the shop floor and working upwards through the structure."

Over half the companies surveyed gave a telephone allowance, and since 1974 there had been considerable growth in establishing closer links between home and place of business.

Only 2 per cent. of companies surveyed provided free or assisted housing, which was largely confined to the financial sector, and 4 per cent. gave assistance to managers with school fees.

BIM National Management Salary Survey 1978; Remuneration Economics, 51 Portland Road, Kingston upon Thames, Surrey KT1 2SH. BIM member-organisations (participants) £55; (non-participants) £75; non-members £95 plus £1 p and p.

European Bank lends £13.5m. for roads

BY OUR SCOTTISH CORRESPONDENT

THE EUROPEAN Investment Bank has lent two Scottish local authorities £13.5m. to improve roads and services needed to support oil development and other industrial expansion.

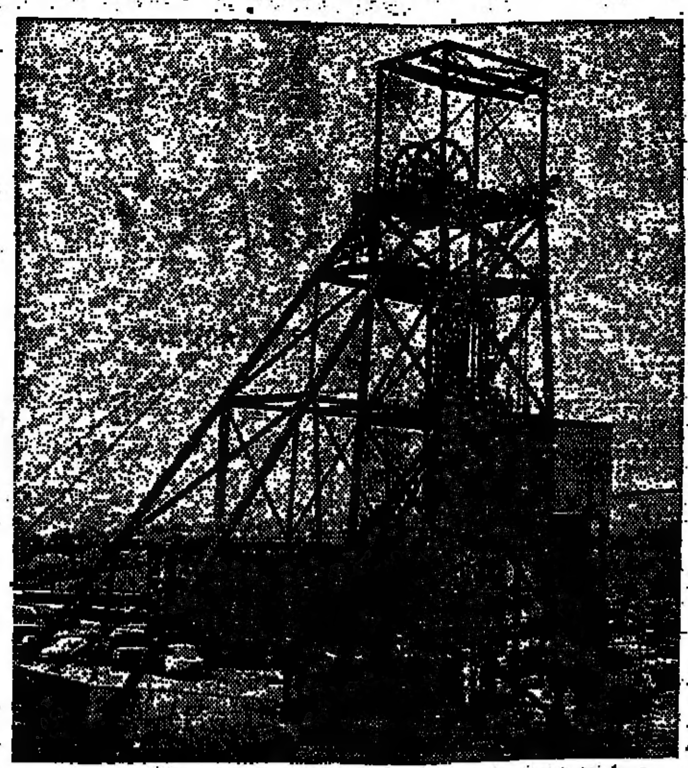
Grampian Regional Council has borrowed £5m. to build new roads and a new bridge across the River Dee in Aberdeen, which is the centre for the oil industry. Improvements will also be made to water supply systems.

A further £8.5m. has gone to Lothian Regional Council towards the cost of a dam and aqueducts it is building to supply water to industial and domestic users in Edinburgh and Midlothian. The Bank has already lent £25m. towards this project.

Both loans are at 9.3 per cent. and for periods of up to 15 years.

Industry that takes its time a'dying

By Kenneth Marston, Mining Editor



Wheal Jane: No. 2 shaft.

CORNWALL'S tin industry, which dates back to the days of the Phoenicians, has been described as a piece of living history.

It still survives amid the many old mineworkings and abandoned surface installations in the Duchy — a reminder of the great days that came to an end in the early 1870s.

The blow that was to resilt in widespread mine closures and wholesale emigration of Cornish miners, "Cousin Jacks" as they later became known throughout the mining world, came with the strong competition provided by the vigorous young Australian tin industry.

Later this, in turn, was to be supplanted by the Malayan tin dredgers.

One of the many mines to close was the original Wheal Jane at Baldhu, some three miles south-west of Truro, — "wheal" is the Cornish word for a mine—which fel silent in 1884.

Satisfied

The advent of electric power brought Wheal Jane back to life in 1906 and the property was worked for a further seven years. London's Consolidated Gold Fields mining and industrial group appeared on the scene in the 1960s.

By 1969 the big mining group was satisfied that it had obtained sufficient evidence of the old deposits to justify a new mining operation and the new Wheal Jane was officially opened in October, 1971.

But after years of losses the mine is now to be closed.

Its closure has been precipitated by a similar decision for an even more recently-developed property, the neighbouring Mount Wellington mine on the other side of the Carnon Valley.

This property, owned by Cornwall Tin and Mining, a U.S., Canadian and Swiss grouping, began production only 18 months ago and this, too, has been a failure.

Both are wet properties. Mount Wellington pumps out some 7m. gallons of water a day while Wheal Jane has to cope with a daily rate of some 4½m. gallons.

Old Cornish hands are not surprised by this, pointing to the probability that much of the underground inflow of water originates from the old United Mines and Consolidated Mines copper properties in the area which closed in 1870.

Whatever the case, it would cost Wheal Jane some £500,000 a year to provide the pumping capacity neded to deal with the Mount Wellington water.

Such expenditure cannot be justified for a loss-making operation and so the mine's 418 employees, together with the 320 others from Mount Wellington, now face the prospect of unemployment in an area which has a rate of some 14 per cent.

Mr. David Penhaligon, Liberal MP for Truro, has said: "Try to find a job centre within 40 miles of Chacewater with a single male job vacancy."

He seeks Government assistance to preserve these jobs. The Transport and General Workers Union wants the Government to take over the Mount Wellington pumping facilities.

NEWS ANALYSIS

CORNISH TIN

Neither of these possibilities can make the mines economic, even at the present satisfactory tin prices. In simple terms, the amount of tin that they have been able to recover from the fine grained and complex ore has fallen well short of its full tin content.

Old Cornish "vanners," who have the traditional skill to use the vanning shovel method of estimating the amount of tin that can reasonably be expected to be recoverable from the ore, will argue that by using modern chemical methods, the new-comers have been led to over-optimistic conclusions.

The old-established South Crofty and Geevor mines are continuing to operate satisfactorily, although in the face of rising cost pressures.

Last year, the Cornish tin industry, which includes several small surface plant operations, produced 3,857 tonnes of tin—the best output since 1918—together with 350 tonnes of copper and 1.4 tonnes of silver.

The tin production provided about 28 per cent. of Britain's needs, an import saving of £25m.

Importantly, too, it paid out in wages, rates, local service, fuel and power costs just over £16m. At December 31, the industry employed some 1,900 men.

It is estimated that for every one man employed in mining, there were two with jobs in the ancillary services.

Disastrous though the new mine closures are, they do not spell the end of the tenacious Cornish tin industry.

Plenty of tin remains to be mined, but, as the Cornish Chamber of Mines and the Cornish Mining Development Association continually stress that Governmental understanding of the industry's problems and active measures to help are badly needed.

Few politicians understand the problems and those who do are reluctant to act.

After all, it is pointed out, why did they fail to allow the industry's appeals against the withdrawal at the end of March last year, of the regional development grants from the mining and construction industries?

More favourable tax treatment, as offered in some other "mining" countries, is a perennial plea.

New legislation is wanted on the ownership of mineral rights. Several new mining projects have been either delayed or abandoned because of the difficulty of tracing mineral owners.

House builders face land shortage

By Michael Cassell, Building Correspondent

PRIVATE house builders fa[ce] mounting difficulties in findi[ng] suitable land for building p[ro]grammes next year and 1980, according to the Hou[se] Builders' Federation.

Mr. Colin Shepherd, pre[si]dent of the federation, will t[ell] a builders' conference [in] Durham to-day that shortag[es] of land have become so acu[te] that in many key are[as] builders have had to off[er] prices which have be[en] approaching the boom levels [of] 1972-73.

He believes that the tre[nd] has clear implications f[or] house prices.

After the collapse of the la[nd] market in 1974, and oth[er] factors such as the high ra[te] of development land tax, litt[le] new land had become ava[il]able.

Planning delays and oth[er] planning and servicing dif[fi]culties had exacerbated t[he] supply problem.

Unless the supply positi[on] improved rapidly in t[he] remainder of 1978, housing ou[t]put for the next two yea[rs] would be severely affected.

Nationwide puts up £½m. financ[e]

NATIONWIDE BUILDIN[G] Society is providing more tha[n] £½m. of mortgage finance [for] two urban renewal projects [in] inner London writes Micha[el] Cassell.

In one scheme, the society [is] co-operating with Kensingt[on] and Chelsea Council and Orb[it] General Housing Association [to] modernise and conve[rt] premises in Cromwell Roa[d] into 48 co-ownership flats.

In the second scheme, th[e] society is co-operating wit[h] the Housing Corporation an[d] Notting Hill Housing Trust [to] convert a property in Ladbrok[e] Grove into five flats.

This is the first property t[o] be converted under the co[r]poration's programme [to] develop a community leas[e]hold as an alternative housin[g] tenure.

Bus subsidy

EASTERN COUNTIES Omnib[us] Company, which operates se[r]vices throughout East Anglia, [is] to be given a £300,000 subsi[dy] from Norfolk Transportati[on] Committee towards offsetting [a] loss of more than £569,000 du[r]ing the last year.

هكذا من الأصل

HOME NEWS

New-look Heathrow clears way for record summer

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

£73m. MODERNISATION pro-mme at Heathrow Airport, ndon, is nearing completion — the British Airports thority hopes that this mer passengers will have a other passage than in many vious years.

The authority said yesterday it it was suspending work on remaining building opera-ns for the summer "and no w projects affecting passenger enities will be started before end of the coming busy son."

The airport handled more than m. passengers last year, and pects an increase of 7½ per nt. this year.

Contractors have been in-ucted to remove hoardings, e down scaffolding, clear ay equipment and rubble, and tore areas scarred by re-nstruction in an effort to get of the "building site" image.

Specialists have been brought to landscape sites round the w central area bus station at e north end of the main road nnel and elsewhere, and idges, railings, car parks and her installations are being aned or repainted.

The £73m. building programme es not include the London ansport £30m. bill for the tension of the Tube to eathrow.

Final phase

Among the big programmes mpleted in recent months are e new pedestrian subways con-cting Heathrow Central station th all three passenger ter-inals; the first three of five ases of modernising and developing Terminal Two, in-uding the concourse, airline sks, restaurant, bar and check-areas; the enlargement of erminal Three's arrivals con-ourse, with a new balcony; big lterations to all three central r parks; a new central bus ation; and realignment and idening of roads.

Such work as will continue is summer will be confined rgely to providing a new eving walkway and gaterooms Terminal Three's Pier 5, build-g Concorde's gaterooms in er 6, a new coffee lounge in erminal Three Arrivals section, nd completing Terminal Two's rside coach station, baggage sorting arrangement and check-in hall.

Mr. Mike King, airport direc-tor, said yesterday: "We are very near to the point where no further improvements or exten-sions can be made.

"When plans for the "Euro-gate" satellite and some re-development in Terminal One are carried out, and works in Terminals Two and Three are completed, the rebuilding of Heathrow's Central Terminal area will be at an end."

The airport has become the target in recent years of a barrage of criticism because of inconvenience and delays caused by building work.

From now on the authority expects that the improvements will cope with up to another 7m. passengers a year, from the present 23½m. to 30m. a year.

Beyond that, it has already said that it will need another new passenger terminal, to handle 8m. passengers a year, and it has applied for planning permission to build this on the south-west side of the airport, close to the new Hatton Cross Tube station, at a cost of about £60m. for the 1980s.

This plan has in turn aroused considerable objections and the Department of the Environment has set up an inquiry into it, starting on May 31 at County Hall, Westminster.

The Heathrow Airport Consul-tative Committee said yesterday that some hearings would be held locally, perhaps during the evenings and at week-ends.

Mr. Douglas Eden, chairman, said: "Everyone will have a chance to make their positions clear regarding the proposed terminal."

● A total of 2.8m. passengers used the British Airports Authority's seven airports in March (Heathrow, Gatwick, Stansted, Prestwick, Glasgow, Aberdeen and Edinburgh), a 9.5 per cent. rise on March last year. Heathrow's total, at nearly 2m., was up 6.3 per cent., with big rises in traffic to North America (31 per cent.) and the Middle East (20 per cent.).

The big rise in traffic to North America is due both to the fact that Easter fell in March this year, bringing its customary boost to traffic, while the exten-sion of cheap air fares to a greater number of U.S. destina-tions also helped.

West links with Europe

IR WESTWARD, the airline ubsidiary of Westward TV, arts flying on Tuesday from xeter Airport, with services to msterdam, Paris (Le Bourget), atwick and Glasgow (Abbots-ich).

The airline was formally augurated yesterday by Dr. avid Owen, Foreign Secretary, t Exeter Airport.

Flights to Amsterdam will be twice-daily each way and once daily to Paris. Gatwick will have a twice-daily connection, and Glasgow a daily service.

The return fares to Amsterdam from Exeter will be £113, to Paris £102, Gatwick £44 and Glas-gow £80. Air Westward initially will use a small fleet of twin-engined Cessna Titan aircraft, but hopes eventually to have bigger aircraft.

IOME CONTRACTS

Stone from Somerset

A 10-year contract for moving mestone aggregates has been gned by British Rail Western egion and Foster Yeoman. It rovides for nearly 3m. tonnes to e taken from Shepton Mallet, omerset, to Acton, West London, etween now and 1988. The trains, ach with a payload of 1,400 onnes and hauled by two 1,750 p diesel locomotives, consist of 7 high capacity hopper wagons wned by the company and run n four days a week. The whole oad is discharged at the Acton erminal in 75 minutes.

★

Oxfordshire County Council has ccepted the tender of about 1.2m. of AMEY ROADSTONE ONSTRUCTION for the con-truction of the A420 Faringdon y-pass. The work involves build-ng of some three miles of single arriageway together with a link oad to the town centre. Work is xpected to start soon and take 8 months to complete.

★

MATHER AND PLATT has an rder from Pullman Kellogg for 6 3.3kV AC motors and spares orth over £506,000. The achines will be driving pumps nd compressors at the Mobil efinery at Coryton.

★

KENT INSTRUMENTS, a mem-er of the George Kent Group, as won orders to supply instru-nents for an extension to the indsey Oil Refinery, near Grims-y, for process control, boiler ontrol, and indication and con-rol of general plant utilities. The rocess control contract, awarded y main contractors Foster Wheeler, is for nearly 500 re-corders, indicators and controll-ers. The extension should be com-pleted in mid-1979. The Lindsey Oil Refinery, jointly owned by Total Oil Great Britain and Petro-ina (U.K.), receives its crude oil by tanker from the North Sea, from much of the Middle East and from Nigeria.

★

WARDS FLEXIBLE ROD COM-PANY, sewer cleaning equipment manufacturer, and high pressure water machine manufacturer METAQUIP, have jointly won an order for supplying drain and sewer cleaning equipment worth over £500,000 to the Libyan Arab Republic for use in Tripoli and surrounding areas.

★

The Mechanical Engineering and Machine Tools Requirements Board of the Department of Industry have placed a contract jointly with SELLY OAK DIE-CASTINGS and the FULMER RESEARCH INSTITUTE to develop a cast-to-size mould and die-making process. Primary objective is to develop the Wheeldon process for the production of cast iron dies for ferrous die-casting and moulds for injections mould of plastics. Success is expected to reduce both the lead time and costs of dies and moulds. The contract is initially valued at £170,000, including a contribution from Selly Oak Die-castings, and will run for 18 months. It is planned to license the developed process for wide-spread use by industry.

★

Telford Development Corporation has commissioned another 250,000 sq. ft. of factory space in the East Shropshire new town. Seven fac-tories and warehouses ranging from 26,000 sq. ft. to 42,000 sq. ft. are being built speculatively. Rents for the new units at Stafford Park will start at £1.25p a sq. ft. The first is scheduled to be ready early next year. The building contract, worth £1.9m., has been let to R. M. DOUGLAS.

★

FOXBORO EUROPE has won a £25,000 contract for pneumatic on-line analytical instrumentation for use off-shore in the North Sea gas Tartan Field, placed by Jiskoot Autocontrol on behalf of Texaco North Sea U.K. Company.

★

An order worth £3m. to manu-facture batteries which will drive the Navy's Mark 24 Tigerfish torpedo, an acoustic homing de-vice, has been won by CHLORIDE INDUSTRIAL BATTERIES, Man-chester. The silver-zinc batteries are activated only when the torpedo is fired.

★

HOVERMARINE TRANSPORT, Southampton, has been selected by the Port Authority of Rotter-dam to supply four port patrol boats, the first stage in the mod-ernisation of Rotterdam's harbour service fleet. The craft will be built at the company's Woolston yard, under a contract for about £2.7m. They will be used to moni-tor and control shipping move-ments, especially the growing number which involve dangerous chemical cargoes. Existing con-ventional patrol boats cannot keep up with fast cargo vessels, and there has been increasing concern over the likelihood of a major accident. The Hovermarines will be equipped with a closed circuit television camera scanning ships' decks from a 60 ft. tele-scopic mast, while for emer-gencies the craft are to carry both fire fighting and medical facilities. Delivery is scheduled for early next year.

★

PETTER REFRIGERATION, Southampton, a Hawker Siddeley company, is supplying British Road Services with 44 transport refrigeration units, valued at over £100,000. The units will be built into insulated 16-20-foot bodies built by Bucks--e Motor Bodies, Lancashire, and C. F. Rigids, Essex.

Lasers could reduce uranium imports

BY DAVID FISHLOCK, SCIENCE EDITOR

A NUCLEAR technology which could stretch Britain's present stockpile of uranium, reducing the country's dependence on fresh uranium imports, is beginning to excite serious commercial interest.

The technology, named laser enrichment, could extract enough extra fuel from Britain's stockpile of "depleted" uranium to run our latest nuclear stations for an extra five years or more.

But its use may raise new international arguments about the risks of nuclear prolifera-tion.

According to U.S. Govern-ment sources, laser enrichment can be used experimentally to separate almost all the fissile uranium-235—the fuel burned in present-day reactors.

The news comes at a time when two potential uranium supplier nations, Canada and Australia, are unable to make fresh deliveries to Britain, and the U.K. Government is refus-ing to sign new contracts with a third, South Africa.

Britain has a stockpile of about 20,000 tonnes of depleted uranium—uranium from which most but not all the useful uranium-235 isotope has been extracted through uranium en-richment.

U.S. Government sources say that the new technology of laser enrichment shows enough promise to contemplate re-cycling such a stockpile in the 1990s to extract more energy.

The newsletter Nucleonics Week reports the U.S. Depart-ment of Energy as saying that laser enrichment is "genuinely an instance in which tech-nology will be substituting for a natural resource."

The basic idea of laser en-richment is that the desired uranium-235 component shall be "excited" by laser radiation in such a way that it can be separated very cleanly from the non-fissile uranium-238 com-ponent.

Britain's depleted uranium stockpile still contains about 0.25 per cent. uranium-235—enough to run the 6,000 MW of new nuclear stations recently commissioned or under construction for between five and eight years.

The nuclear research centre at Harwell—in addition to several U.S. laboratories—has been experimenting with the technique.

The U.S. Department of Energy foresees a demand from three to five laser enrich-ment plants for recycling depleted uranium in the 1990s. It indicates that the process is expected to be competitive with mining and milling fresh uranium ore—of which the U.S. has abundant reserves.

Dr. Walter Marshall, deputy chairman of the U.K. Atomic Energy Authority, and respons-ible for its research pro-gramme, said yesterday that he believed the U.S. claim was premature, but if substantiated would indicate that enrich-ment could be carried out on a very small scale.

The U.K. Government is keeping its progress at Har-well tightly classified, since it regards successful laser enrich-ment as a serious proliferation risk. The process could easily be used to make highly en-riched uranium of the quality needed for nuclear explosives.

If laser recycling of depleted uranium should prove possible, it will have no significant effect on its value as fuel for the fast breeder reactor.

New trade link forged

AN AGREEMENT on trade and cultural co-operation between north-west England and north-west France was signed in Man-chester yesterday by leaders of the city's Chamber of Commerce and Industry and a delegation of six from the Chamber of Com-merce in Lille.

Both regions have similar tex-tile backgrounds and both faced with the need for industrial diversification, according to Mr. David Wilson, president of the Manchester Chamber.

The Lille chamber will stage a presentation of investment opportunities at the Manchester chamber in June.

County demands more funds to save coast

BY RHYS DAVID

UNLESS MORE funds are made available for coastal protection, towns in the County of Humber-side could be cut off and inland areas flooded by sea-water as far as Hull, the county council has warned the Government.

The warning came in a letter to Mr. Peter Shore, Environment Secretary.

It was sent by Mr. John Town-end, the council leader, and fol-lows the completion of a report into the problem by a working party representing the local authorities, the Yorkshire Water Authority, and the Industry De-partment.

The county already suffers an annual land loss from coast ero-sion of more than 20 acres, much of it in the Holderness district.

Present government policy is only to permit coast protection schemes where a danger to life or property of substantial value exists.

The result according to the county is that schemes have been allowed for two or the towns in the Holderness area—Hornsea and Withernsea—which while offering them protection, have in-creased the rate of erosion else-where.

Mr. Townend claims that it is essential for money to be made available for the protection of rural as well as urban coastlines.

"Apart from the loss of land as the coastline moves inward real danger exists of the sea breaking through into land drainage systems, and in the long term, penetrating as far as the basin of the River Hull.

"What are now considered in-land areas could be flooded by sea water as far as the city of Hull."

The council wants the Govern-ment to start a national survey of the coastline to find the extent and condition of existing sea-defence works and likely future maintenance costs.

The study should also cover the rate of erosion or accretion on the unprotected parts of the coast-line, and its effect on land reclamation for agriculture and industrial purposes.

Sea oil 'can help to slow inflation'

By David Freud

NORTH SEA OIL on its own could do nothing to promote higher employment or raise the rate of growth in the U.K., Prof. Brian Griffiths said yesterday in London at his inaugural lecture as Professor of Banking and In-ternational Finance at the City University.

It could have some effect on the rate of inflation.

"The major impact of the oil is that it increases the produc-tive potential of the economy and hence for a given money supply growth will lead to a reduction in the rate of inflation, which will make it easier to reduce monetary growth even further.

Manageable

"Similarly, if public expendi-ture is kept firmly under control the increased revenue will enable the Treasury to reduce the public sector borrowing requirement to more manageable proportions, with reduced uncertainty for the economy."

Prof. Griffiths said that the decisive factor explaining the difference between growth rates in various countries was their "residual efficiency."

ROY HODSON ANALYSES BRITISH STEEL'S AMBITIONS AND GOVERNMENT REACTION TO SELECT COMMITTEE PROPOSALS FOR CHANGE

Corporation studies future of steel

A FRANK and detailed appraisal of the future of the British Steel Corporation now losing £8m. in each working week, is provided in a booklet entitled Prospects for Steel, published by the corporation yesterday.

British Steel has sent the booklet to all members of the Commons and the Lords. It coincides with publication of the Iron and Steel (Amendment) Bill—reported in the Financial Times yesterday—which seeks to raise the corporation's borrowing limits from £4bn. to £5 5bn.

Prospects for Steel analyses the present state and prospects for the nationalised industry.

It even contains a provisional balance sheet for the corporation for the last financial year, although the annual report and accounts will not be published until the summer.

After losing an estimated £418m. on last year's trading, British Steel is now projecting a further loss of £400m. in 1978-79.

Interest on accrued borrowings will account for more than £200m. and there will also have to be a provision for contingencies.

British Steel refers to those figures as "the likely trend of trading results," but adds: "This must not be regarded as a forecast, but as an estimate to which management action is being vigorously directed."

BRITISH STEEL'S PROVISIONAL 1977-78 BALANCE SHEET

	March 78 (provisional)	March 77	March 76
	(£ million)		
Net assets			
Fixed assets	2,532	2,180	1,703
Investments	237	213	174
Stocks	1,067	1,161	818
Other working capital	(418)	(487)	(465)
Total net assets	3,418	3,067	2,235
Capital employed			
PDC	1,824	1,379	889
Reserves	(555)	(63)	53
Long term debt	1,787	1,445	1,051
Minority interests	18	18	17
RDG and other grants	344	288	225
Total capital employed	3,418	3,067	2,235

A special report on the six-months operations of the corporation between April and September this year is promised by next December.

The Board has now set management a financial objective to break-even financially by the end of the financial year 1978-79.

The booklet studies the impact on the corporation of the recent statement by Mr. Eric Varley, the Industry Secretary.

The Government abandoned the former 10-year strategy for the industry and said that the £1bn. a year investment programme was being replaced by a more modest programme aimed at improving the quality of steelmaking plants, without increasing the total capacity of British Steel to make iron and steel.

In spite of the investment cutback, investment of betweeen £350m. and £450m. a year would continue to be needed in British Steel "if the business is to be preserved."

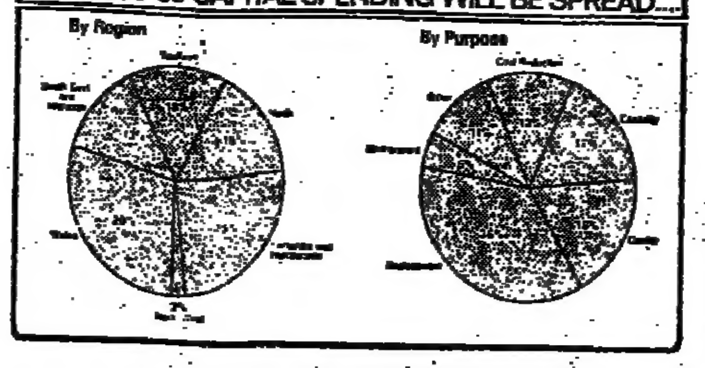
The corporation claims that it can "return to viability in the longer term," but that it will be "far from self-financing in the next five years."

The current level of losses was not compatible with the survival of the business in the present form.

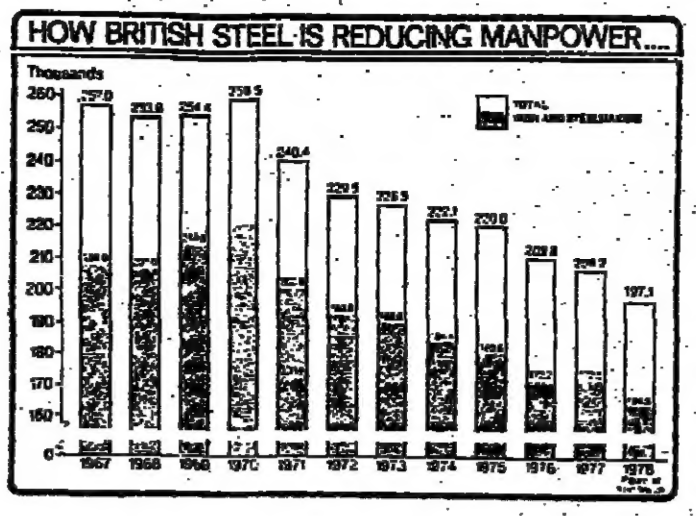
There was a need for a continuing injection of finances, so that British Steel could have sufficient steelmaking capacity to meet future needs of British industry and take sales opportunities abroad.

Sir Charles Villiers, British Steel chairman, and his managers, were pinning their hopes for a return to profits upon an eventual financial reconstruction of the corporation's capital.

HOW 1978-80 CAPITAL SPENDING WILL BE SPREAD...



HOW BRITISH STEEL IS REDUCING MANPOWER...



Schemes on which British Steel will spend more than £10m. in the next two years.

		Latest indicated cost (£m. outturn)	Projected expenditure in 1978/9 and 1979/80 (£m. outturn)
Redcar	Phase IIB	230	38*
South Teesside	Stage III	230	62
Ravenscraig	Associated schemes	114	24*
	Iron desulphurisation	13	13*
Hunterston	Ore terminal	98	12*
	Direct reduction plant	65	13*
Port Talbot	Coke ovens	73	30
	Pickle line	25	16
	Other schemes	99	22
Tinplate	Five-stand mill enhancements) (Ebbw Vale, Trostre, Velindre)	11	10*
Sheffield	Stainless steel complex	114	15*
Rotherham (Templeborough)	Continuous billet casting	27	15
Corby	Small welded tubemaking	49	27
Teesside (Port Clarence)	Benzole plant	20	14*

* These projects will be completed within the next two years. Other approved schemes: 38 costing over £2m. each.

Borrowings

The Government was considering ways of relieving British Steel of some or all of its £200m. a year interest burden on the accrued borrowings.

Systems explored include outright grants to cover interest, the writing-off of public sector loans, and the provision of a new form of financing called Public Cumulative Capital, which would allow interest payments to be deferred until the corporation was in profit.

But no Government decision is expected before next year.

The booklet contains a detailed account of how British Steel intends to spend the £1bn. for capital investment at its disposal between now and 1980. Fourteen major schemes of over £10m. each are listed (see table).

In addition, £110m will be spent on 38 schemes of between £2m. and £10m each, and £135m on other schemes of under £2m. each.

A much higher proportion of capital will be directed at schemes below £2m.

British Steel plans to spend a further £200m. on small works improvement schemes which have not, so far, been put to the Government.

The emphasis is to be on improving product quality and cutting the cost of steelmaking.

Since September last year manpower in British Steel has fallen by more than 9,000 to 164,500 actively engaged in iron and steelmaking. Further works closures already agreed entail cuts of 5,000 more jobs over the next few months.

But even this would not be the end of the road for manpower reductions.

"Even though the number of employees in the corporation has fallen by about 60,000 since Vesting Day, the need to bring capacity more into line with demand and to improve productivity means that further reductions in manning must be achieved.

"To match even the present levels in the German industry would require an improvement of about 50 per cent., and the Germans, in common with our other competitors, are taking strong measures to improve their own performance."

The corporation had recently made headway on productivity. New agreements involving 60,000 people had been prepared and local negotiations to implement some have already been concluded.

Prospects for Steel admits that the short and medium-term prospects of the steel industry in Europe and for British Steel are difficult to assess.

"It may be that we have not yet reached the bottom of a recession in the demand for steel which has already lasted for three years.

"It is certain that the manufacturing problems of the corporation—over-capacity and low productivity—are deep-rooted.

"It is therefore unlikely that the present high loss situation can be immediately turned round."

Steel demand is not expected to be much greater in 1978-79 than last year and prices are expected to "remain very sensitive."

On a turnover of £3bn., the corporation's results are affected by £30m for every 1 per cent. change in selling prices.

Government rejects idea of workforce cuts target

THE GOVERNMENT has made a low-key official reply to recent reports on the British Steel Corporation from the all-party Commons Select Committee on Nationalised Industries.

A White Paper published yesterday says that the problems facing British Steel because of the crisis in world steel markets, and the Government's conclusions about what should be done, were dealt with in the previous White Paper on steel (British Steel Corporation: The Road to Viability, Cmnd 7149) published on March 22.

The new White Paper is confined to answering specific recommendations about British Steel made by the MPs committee.

The Government rejects the suggestion that there should be a target for reductions in British Steel's workforce in each of the next five years.

The eventual size of the corporation's workforce would depend on market developments and British Steel's ability to recapture its market share.

Further rationalisation would be necessary, but it would be a matter for the corporation and the unions to negotiate.

Arrangements

The Government supports a recommendation that the TUC Steel Committee should be reorganised to respond adequately to a wider field of future responsibilities.

"The range of issues in which the trade unions have a direct interest is increasing and the Government expects to see this reflected in the administrative and negotiating arrangements made within the trade union movement."

British Steel had offered to finance additional resources that the unions would need if there was to be more effective participation on, for instance, planning and commercial issues.

The select committee said that procedures for assessing the efficiency with which steel industry capital projects were undertaken should be reviewed. The Department of Industry, the Treasury, and British Steel should act jointly.

There was scope for developing post-completion reports for selected projects "particularly as major projects can be assessed only over a long timescale."

Proposal

The select committee recommendation that the Government should tell British Steel the reasons for any rejection of an investment proposal also found support.

But a proposal that the job of sanctioning British Steel's financial requirements should be taken from the Department of Industry and given to a strengthened Public Enterprise Group within the Treasury brought a cool response from the Government.

"Experience shows that combining the sponsorship function with financial responsibility in the Department of Industry does not in practice, give rise to a conflict of interest or weakness in financial control."

A plan to organise closer consultation between the public and private sectors of steelmaking in Britain was rejected.

"The Government believes that the consultation arrar ments in the tripartite Iron Steel Sector Working Party, direct between British Steel the British Independent St Producers' Association, are wo ing well.

"The Government understa that the corporation and association are also satisfied w these arrangements. The Gove ment considers, therefore, ti further formal arrangements unnecessary.

"The Ferrous Casting intere are served equally well by Foundries Economic Devel ment Committee."

The select committee propos that a formal forum might set up for consultation betwe the private and public steelm ing sectors.

The Government is not p pared to begin a recommend investigation into iron and st scrap supplies.

There was already discussi between British Steel, the priv sector of steelmaking, the fou dries, and the British Scr Federation, about scrap suppli

Restrictions

Exports of ferrous scrap third countries were subject Community quota restrictio when necessary, to safegua supplies for the steel and t foundry industries.

The future scrap situati would be continually review by the Department of Industry

British Steel Corporation: Th Government's reply to reco mendations contained in t First, Second and Fifth repor from the Select Committee Nationalised Industries, Sessi 1977-78. Cmnd 7188. Statione Office. 35p.

Docks Board ports record profitability

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

THE BRITISH TRANSPORT Docks Board's 19 ports increased operational profitability by £3.2m. last year to the record level of £29m., in spite of reduced cargo volumes.

After interest charges, tax and depreciation profit was £7.3m., up from £6.2m. the previous year. This, the Board's annual report said yesterday, represented a return on capital of 16.8 per cent. and had kept the Board on target for a 20 per cent. return by 1980, as agreed last year with the Government.

One of the few disappointments for the Board last year was the performance of Southampton, its largest port, which registered its first net loss since 1970. The deficit was £667,690 against a surplus of £795,664 in 1976.

Sir Humphrey Browne, chairman of the Board, said the loss at Southampton was attributable to eight months of sporadic labour troubles over pay negotiations.

The situation has not improved this year, with two sections of workers, maintenance men and foremen, still refusing to sign working agreements for the new South African container berth.

The maintenance engineers are also on strike over pay, having demanded parity with the port's dockers, which would involve a 20 per cent. increase. Sir Humphrey said yesterday that there was no question of the Board bending the Government's pay guidelines to meet the men's demands.

He also said that shipping lines on the South African run were beginning to show signs of distress at the port's failure to operate the South African berth, which has been complete since January.

There was a danger that the lines, which are transhipping South African containers via ports in Europe through non-Docks Board ports such as Dover and Felixstowe, would not return to Southampton if the disputes were not settled quickly.

Revenue at the Board's ports, which account for about 25 per cent. of total import and export movements, rose last year by £11.3m. to £110.4m.

The volume of traffic fell by 7.5 per cent. to 77.1m. tonn mainly because of a sha decline in certain heavy cargoe especially iron ore for the ste industry. Ore movements we down 21 per cent. at 8.6 tonnes and there were al significant falls in the volume petroleum (down 7.5 per cen at 40.5m. tonnes), coal (down per cent. at 4.5m. tons), timb and foodstuffs.

These declines were offset b an increase in more profitab traffic of manufactured good and other commodities, whic increased by 1.1 per cent. 18.4m. tons; vehicles, whic were up 19 per cent. at 278 tons and container and roll-o roll-off services, which showed 1.5 per cent. increase.

LABOUR NEWS

Shipyards have plan on unions problem

By Alan Pike, Labour Correspondent

A NEW INITIATIVE for resolving the problem of trade union recognition in the shipbuilding industry is expected to be outlined by British Shipbuilders to-day.

The British Shipbuilders Board once more drew back from a final decision, when it considered the issue yesterday, on whether the Shipbuilding and Allied Industries Management Association should be granted national recognition.

It decided to put new suggestions to the organisations involved; and these will be outlined in letters to the Confederation of Shipbuilding and Engineering Unions and to the Engineers' and Managers' Association, of which the management association is part, to-day.

SAIMA, which claims to represent 70 per cent. of British Shipbuilders' managers, is being resisted in its national recognition claim by the confederation and the TUC. The TUC position is that existing confederation unions, which do not include the Engineers' and Managers' Association, can adequately represent all levels of staff.

The EMA says that it should be recognised because it has a very high proportion of the industry's managers in membership and is recognised by many individual companies which now make up British Shipbuilders.

'Uncertain' benefit of 35-hour week

BY PHILIP BASSETT, LABOUR STAFF

THE trade union target of a 35-hour working week is likely to have a "highly uncertain" effect on unemployment and could be a threat to economic recovery and the fight against inflation, according to a Department of Employment report.

The report states, though, that unemployment in manufacturing industries could be virtually eliminated if overtime worked in this sector, averaging about 16m. hours a week, could be converted into full-time jobs.

The report, in the Department of Employment Gazette, examines three types of work-sharing to alleviate unemployment: reducing normal hours worked, extending holidays, and reducing overtime.

The 35-hour week, which is a policy commitment of unions including the Transport and General Workers, could reduce registered unemployment by anywhere between 100,000 and nearly 500,000, according to the report.

If weekly earnings were maintained it could increase total labour costs by between 6.1 and 8.5 per cent. There would be some net savings of Government spending of between £650m and £950m, because of savings in unemployment benefit and increases in tax revenue, but the savings would be outweighed by the labour costs.

The inflationary effect of the increase in labour costs from the 35-hour week would damage longer-term employment prospects and weaken the country's competitive position, though the effects would be lessened if a TUC suggestion was followed and an international agreement secured.

A reduction to a 38-hour week would have a smaller effect on labour costs but a corresponding smaller fall in unemployment of between 60,000 and 290,000.

Increasing the annual paid holidays for all workers by one week could reduce unemployment by between 25,000 and more than 100,000, but it would increase labour costs by about 2 per cent.

Many of the "lost" hours would be absorbed in increased overtime, increased output per man hour, or a reduction in output.

A reduction in overtime is "a more promising possibility." If overtime hours were given up, and its associated pay, and both could be parcelled into full-time jobs at normal pay rates, it would be possible to reduce unemployment, the report states, without any net increase in labour costs or Government spending.

Overtime was sometimes the only economic way of carrying out certain tasks, and the loss of overtime pay would probably particularly hit low-paid workers.

The difficulties did not rule out action to reduce overtime, but legislation on it would be too rigid. Any action would best be obtained by voluntary negotiation at workplace level.

Call for indefinite Thomson strike

By Our Labour Staff

LEADERS of striking Thomson Regional Newspapers journalists yesterday asked their union to declare an indefinite stoppage from next Tuesday.

The request came as journalists in the group staged a 24-hour strike in support of 77 colleagues at Hemel Hempstead, Hertfordshire, who were sacked more than a week ago because of a work to rule over a pay claim.

It also followed management threats to dismiss a further 310 journalists on four newspapers if they failed to work normally from the first shift to-day.

The National Union of Journalists is expected to consider the strike leaders' request at an emergency executive meeting to-day. The National Graphical Association, the printers' union, has also been asked to support the journalists but a council meeting of the union yesterday deferred discussions on the issue.

The Thomson group said that the stoppage by 1,100 of its journalists yesterday was "more or less complete" but newspapers were still being produced by editors.

Bank staff representation to be discussed with TUC

BY NICK GARNETT, LABOUR STAFF

DR. TOM JOHNSTONE, chairman of the Scottish Manpower Services Commission and head of the inquiry into staff representation into the five London clearing banks, is expected to discuss soon with the TUC its experiences in forming single industry unions.

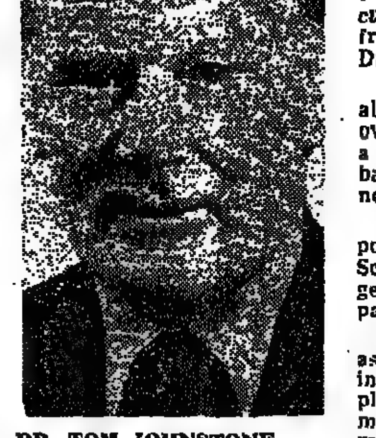
He will be particularly keen to have the TUC's views on federalism and, for example, the relative success and problems in the formation of the Amalgamated Union of Engineering Workers, designed to create one union for the engineering industry.

So far, however, he has adopted no particular view of the way he believes representation can be reorganised.

The problem is to weld differing attitudes to representation held by the staff bodies, whose relationships have substantially deteriorated over the past year, into a framework that works for both the banks and their staff.

The problem highlights a conflict between TUC and non-TUC affiliated bodies, respectively represented by the National Union of Bank Employees—with members in the five banks—and the Confederation of Bank Staff Associations, with its constituent units in Barclays, National Westminster and Lloyds.

There is also a difficulty within the TUC between the employees union and the Association of Scientific, Technical and Managerial Staffs, which has a sizeable membership in Midland and hopes to move into other banks.



DR. TOM JOHNSTONE . . . exploring views on federalism.

Dr. Johnstone, with 14 years experience as an arbitrator, is holding the inquiry in private, calling for submissions from the various staff bodies, the banks and the Federation of Bank Employers.

He intends working towards some form of scheme for representation that will be agreed by the parties before his final conclusions are published, prob[ably] in August.

This could mean a meeting between all parties involved to discuss a "model" scheme d[rawn] from the various submissions [to] Dr. Johnstone.

The unions and banks [will] almost certainly suggest [their] own ways of solving what is [seen as] a complete breakdown in [the] banks' national and [local] negotiating machinery.

Dr. Johnstone will discuss [the] position with the Association [of] Scientific, Technical and M[ana]gerial Staffs, which is n[ot a] party to the inquiry.

Of the three individual associations Lloyds is now [consider]ing a merger with the bank [em]ployees' union and that [would] make it more difficult for [the] remaining two to keep [their] independence.

So far, the confederation [has] said that if it came to me[rger] talks, its associations would [pro]bably prefer to join the ass[ocia]tion.

Dr. Johnstone, however[, is] eager not to worsen the T[UC's] existing difficulties in co[ping] with recruitment battles betw[een] affiliated unions.

That would seem to mean the association will not be [en]couraged to play a fuller [role] within the banks.

Strikes 30% down in first quarter

THE NUMBER of strikes in the first quarter of this year fell by nearly 30 per cent. from the total for the same period in 1977, writes Philip Bassett.

The effects of the third year of Government pay policy appear in the figures that show pay, still the largest single cause of stoppages, increased as a cause from 44.5 per cent. in the period in 1977 to 59 per cent. in the same period this year.

Both the number of working days lost in the quarter and the number of workers involved in stoppages were down.

Strikes which began in the first quarter of the year totalled 527, a drop of 29.9 per cent. on the total of 752 in the same period last year, according to figures published yesterday in the Department of Employment Gazette.

The number of working days lost in the period this year was 1,755,000, a 22.2 per cent. drop from the total for the first quarter of 1977 of 2,258,000. The number of workers involved in stoppages fell by 36 per cent. from 297,000 in the first three months of 1977 to 190,000 in the same period this year.

After pay, manning and work allocation disputes were the second largest cause of stoppages, though the figure fell from 13.6 per cent. in the first three months of 1977 to 12.5 per cent. this year.

A total of 311,000 working days were lost in March — for the second month running the lowest figure since last July's 299,000. A total of 56,000 workers were involved in the stoppages—a fall of 1.7 per cent. from the previous month.

The Department lists three prominent stoppages during the month: an eight-week stoppage by 1,500 men at the McDermott Ardersier offshore platform yard over a new shift system; 9,000 workers laid off at five Swan Hunter shipyards on the Tyne following industrial action by 80 security guards; and a three-week stoppage by 600 production workers at a Lincoln power-brake plant.

An estimated 1,823,000 employees in manufacturing industries, 35 per cent. of the total, worked overtime in the week ending February 11, 1978. In the same week the estimated number on short-time in these industries was 44,900, or about 0.9 per cent. of all employees, each losing 13.4 hours on average.

The total number in employment in February in industries covered by the index of industrial production was 9,085,000, a fall of 5,000 from the previous month. The seasonally adjusted figure, though, rose by 10,000 compared with January to 9,112,000.

Betting shop girl wins case for equal pay

AN APPEAL COURT decision in favour of a woman betting shop clerk was welcomed yesterday by the Equal Opportunities Commission as a "landmark" in clarifying the equal pay law.

In his decision, Lord Denning, Master of the Rolls, said the only difference in the jobs done by Miss Sandra Shields, 23, and a male colleague was on the grounds of sex.

Although the man was expected to cope with troublesome punters, he was not required to have extra qualifications, such as a fierce and formidable appearance or special training.

"He may have been a small, nervous man who could not say boo to a goose," said the judge. "She may have been as fierce and formidable as a battle-axe."

The fact was that the grounds for paying the man 14p an hour more than Miss Shields were based on the fact that he was a man.

That was against the sex discrimination and equal pay laws, Lord Denning ruled.

The court dismissed with costs an appeal by the turf accountants F. Coomes (Holdings) against an Employment Appeal Tribunal ruling that Miss Shields, of Sloane Court West, Chelsea, was entitled to the same pay as male counter clerks.

It was said that as a result of the decision the employers' wage bill would go up by at least £45,000 a year.

They were refused leave to appeal to the House of Lords, but later a legal spokesman said they would consider applying direct to the Lords for leave.

Lord Denning said that in nine of Coomes' betting shops one of the counter-hands was a man and the other a women. The reason was that these shops, including the one where Miss Shields worked in Sussex Street, Pimlico, were in areas where trouble might be anticipated.

At 81 shops in trouble-free areas the counter-hands were all women receiving 92p an hour. At the nine "trouble areas" shops, the man was paid £1.06 an hour and the woman 92p.

The only difference between them was that the man filled a protective role as a watchdog, ready to bark and scare off intruders, said Lord Denning.

It was rather like the difference between a barman and a barmaid. Each had his or her own way of dealing with awkward customers, but their jobs were of equivalent rating. Each should therefore get the same rate for the job.

Lords Justic Bridge and Orr agreed.

BOND DRAWING

INTERNATIONAL UTILITIES OVERSEAS CAPITAL CORPORATION

8¼% GUARANTEED SHIPPING BONDS DUE 1982

NOTICE IS HEREBY GIVEN that pursuant to condition 5 of the terms and conditions of the Loan and Clause 2 of the Trust Deed dated as of the 15th day of May, 1972 between International Utilities Overseas Capital Corporation, "the Company", Gotaas-Larsen Shipping Corporation, "the Guarantor", The Law Debenture Corporation Limited "the Trustee", the bonds bearing the following serial numbers have been drawn for redemption on 15th May 1978, as partial satisfaction of the Sinking Fund requirement at the redemption price of 100% of the principal amount thereof.

The redemption payment of each Bond drawn for redemption will become due and payable on 15th May 1978. Interest on each such Bond will cease to accrue on or after such date.

24	148	159	162	188	215	284	300	303	307
327	333	353	365	387	390	407	415	436	421
447	450	475	487	489	503	506	524	529	530
534	[illegible]	543	548	[illegible]	560	585	587	600	606
643	675	700	718	736	744	773	786	792	794
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
24235	24237	[illegible]	24254	24266	24281	24283	24285	24290	24323
24327	24332	24340	24346	24351	24357	24359	24378	24393	24414
24419	24425	24441	24450	24483	24538	24559	24563	24581	24586
24640	24671	24673	24684	24699	24716	24729	24730	24733	24745
24753	24770	24771	24780	24788	24794	24832	24839	24865	24998
24921	24929	24942	24947	24965	24972	24981	24989	24990	24995

The above Bond Numbers will be redeemed at the principal offices of Chemical Bank, 20 Pine Street, New York, N.Y. 10015, U.S.A., Chemical Bank, Avenue des Arts 46, B1040 Brussels, Belgium, Chemical Bank, 180 Strand, London, WC2R 1ET, England and Kredietbank S.A. Luxembourgeoise, 37 rue Notre-Dame, Luxembourg upon surrender of such Bonds for payment and cancellation.

CHEMICAL BANK on behalf of
INTERNATIONAL UTILITIES OVERSEAS CAPITAL CORPORATION

Dated 28th April 1978.

NOTICE

Bond Number 21918 previously called for redemption has not as yet been presented for payment.

PARLIAMENT AND POLITICS

Tories issue £485m. tax cuts challenge to Government

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE Conservatives will attempt to make tax cuts involving a total sum of £485m. during the pasage of the Finance Bill, Sir Geoffrey Howe, shadow Chancellor, told the Commons last night.

Speaking during the second reading debate on the Bill, he claimed that the Government could meet this sum without too much trouble by making the appropriate cuts in public expenditure.

If the Tory amendments were carried and if the Government failed to make the necessary expenditure cuts, then he challenged them to put the matter to the test of a general election.

For the Government, Mr. Joel Barnett, Chief Secretary to the Treasury, accused the Opposition of "financial irresponsibility." He maintained that if the proposed Tory changes to the Budget succeeded, it would be impossible at this late stage to make reductions in this year's public expenditure programme, even if the Government desired to do so.

Mr. Barnett predicted that if the amendments became part of the Bill it could only lead to an increase in the Government's borrowing requirement an argument strenuously denied by Sir Geoffrey.

The Conservative spokesman told the House that the Government had a duty to respond to any changes made in the Bill either by reducing its spending programme or changing its proposals.

Alternatively, there was another course open to them. "They could invite the electorate to renew their authority or replace them with a Government with fresh authority," he declared.

"The Government have ceased believing in themselves. The country has long since ceased believing in them. It is time for them to go."

Describing the Tory proposals as modest ones, he said: "We must take account of reality as we could very shortly be called upon to form the Government of the country and must make proposals that have regard to that."

Referring to talk of joint action between the Conservatives and Liberals during the committee stage of the Bill, he said that his party would not engage in any "Dutch auction" with Mr. John Pardoe, the Liberal economic spokesman. He thought Mr. Pardoe would havet his own interests to pursue and these involved proposals "which go beyond those which we regard as wise"

Listing the changes which the Tories will be seeking during the committee stage, Sir Geoffrey said that the budget alterations to the investment income surcharge did not go far enough, particularly for those on smaller incomes and for retired people.

The Conservatives proposed that the threshold for payment of the surcharge should be raised to £2,000 for the generality of taxpayers and to £3,000 for those over 65. The band at which the surcharge should be payable at 10 per cent should be £500.

The cost this year of such changes would be no more than £5m.

Turning to the higher rate band of income tax payers, the Conservatives were suggesting that it should start at £8,000 instead of the present £7,000. The cost this year would be £50m.

Thirdly, the higher rates of income tax should be reduced. The Tory proposals were that the rate should be 40p in the £ for those earnings between £8,000 and £10,000, 50p for those between £10,000 and £14,000, 60p between £14,000 and £21,000 and 70p for those above £21,000. The cost this year would be £130m.

"Does anyone really doubt the folly of continuing to impose these stratospherically high rates of tax on those with high incomes, Sir Geoffrey asked?

Finally, the Opposition wanted a reduction of 1p in the standard rate of income tax bringing it down from 34p to 33p. This would cost £300m. in the current year, and £370m. in a full year.

Some people were actually worse off in money terms as a result of the Budget while the average family's pay packet had only increased by 14p, said Sir Geoffrey.

The Government's borrowing requirement was already right up against its limit. That was why it was not right to place on the Government any larger increase in the borrowing requirement and why the Tory proposals were modest.

The cost of the £300m., involved in a 1p reduction in the standard rate of tax could be made up if the Government withdrew the extra £300m. they were giving to the National Enterprise Board.

The total Conservative proposals of £485m. only represented three-quarters of a penny in the pound over the amount the Government was spending.

By adopting the Tory proposal for a standard rate of 10 per cent. on VAT, an extra £600m. could be gained this year alone.

He believed that Government thinking over the present "absurdly high" rates of tax was very muddled. "They wish to be beloved in Lombard Street, but on the other hand, they want to be lionised by the Tribune Group."

Sir Geoffrey emphasised that the Tories would strongly contest the Budget proposals for retrospective legislation to ban certain tax avoidance schemes.

"To march down the restrospective road is to make an important change of principle," he declared. "We will challenge and scrutinise it very closely."

The Conservatives realised that they could not transform the Budget, said Sir Geoffrey, but the Chief Secretary well knew that it was possible to reduce public spending.

The Government projection was for £67bn. in public expenditure for the coming year—an increase of £4bn. Therefore, a cut of £100m. in public expenditure in order to reduce taxation represented only 1-40th of the increase in public spending.

"It would be perfectly easy for the Government to accept the consequences of these changes by moderate changes in public expenditure," he added.

Opening the debate for the Government, Mr. Barnett said that 1p off the basic rate of tax would mean only 32p a week extra for the average man. But, said Mr. Barnett, total tax reductions of £500m. would mean that £500m. would have to be added to the borrowing requirement.

He claimed that some of the shadow Cabinet had felt twinges of conscience and believed that it was a little bit irresponsible to do this. Even if Sir Geoffrey were to say where the expenditure could be cut, it would not be enough to offset the additional £500m. on the borrowing requirement this year.

It would, he said, be "wholly impossible and impracticable" to make such expenditure cuts effective in 1978-79. "That is why their talk of taking it out of the borrowing requirement is wholly irresponsible," he commented. "There is no way of wriggling out of the charge of financial irresponsibility."

Mr. Barnett said that former Conservative statesmen must be looking on in anguish when they saw the present Conservative Party's "reckless disregard for the national interest."

Liberals query figures

For the Liberals Mr. John Pardoe said he did not accept estimates of the cost of the Tory proposals Sir Geoffrey Howe had "done some rather strange arithmetic."

He added: "I suspect that he is guilty almost of sharp practice, of estimating revenue loss in 1978-79 terms but estimating his public expenditure costs in full year terms."

It simply would not be possible to take £50m. or £60m. out of the costs of the Community Land Act this year. Liberals wholeheartedly endorsed many things in the Budget like the small business proposals.

But there was now a need to switch from personal income tax to a tax on spending and this would not be inflationary, said Mr. Pardoe.

Only in Britain was income tax a means of extracting money from the lower income groups. Income tax was nothing like as progressive as it looked, but VAT was much more progressive than it appeared.

He had told Mr. Barnett "firmly and categorically" that Liberals would be prepared to vote for any consequential increase in tax on spending necessitated by cuts in income tax made during the committee stage of the Finance Bill.

"I think it is Parliament's duty to sort out the mess that the British tax system is."

Mr. Jeremy Bray (Lab., Motherwell and Wishaw) said the Budget would do nothing towards curbing unemployment over the next two years or "as far ahead as we can see."

He added: "We should make it clear that we will cut taxes and increase public expenditure to increase the level of employment by a quarter of a million a year. We must make it clear that we put tackling unemployment before tackling inflation."

Ministers urged to end dividend control doubt

BY IVOR OWEN, PARLIAMENTARY STAFF

TREASURY Ministers yesterday emphasised the need for continued moderation in wage settlements when the present pay round ends, and kept their options open on whether dividend control should be extended beyond July.

Mr. Joel Barnett, Chief Secretary, spoke in optimistic terms about the prospects on pay when he rejected suggestions that Britain's annual rate of inflation will start to rise again in the second half of this year.

The possibility of an extension of dividend control was kept open by Mr. Denzil Davies, Treasury Minister of State, replying to Mr. John Biffen (C. Oswestry) who had stressed that uncertainty over the issue was causing difficulty for the City.

The Minister referred to a written answer by Mr. Denis Healey, Chancellor of the Exchequer, in February, when he refused to commit himself either to abandoning controls altogether —they are due to expire on July 31—or to forecasting new legislation.

Mr. Davies summed up the position by commenting that if further measures were not introduced, the present statutory restrictions would be lifted.

During subsequent debate on the second reading of the Finance Bill, Tory MPs again pressed for more information about the Government's intentions on dividend control but failed to gain any further elucidation from Mr. Barnett.

Timidity in the City in undertaking home investment was attacked by Mr. Eric Heffer (Lab. Walton) who likened those responsible for investment decisions to "frightened fillies at the sight of a stallion in the next field."

Mr. Davies agreed that there seemed to be a general desire in the City to invest any money which was available abroad. "Over the years, they have paid more attention to foreign investment than investment in this country. This is to be deplored."

Mr. Douglas Hoyle (Lab. Nelson and Colne) asked what measures the Government intended to take against those sections in the City which seemed, once more, determined to sell the pound short and fuel inflation at the expense of the antion.

Mr. Davies answered: "There are many sections in the City who seem to react in a very sho[rt] term way to any policy change[s]. In fact, I sometimes think th[at] there are more manic depre[s]sives on average in the Ci[ty] than in other parts of the co[m]munity."

The City also came under fi[re] from Mr. Barnett when he [re]affirmed earlier Governme[nt] forecasts that Britain's annu[al] rate of inflation will remain [in] single figures for the rest [of] 1978.

Mr. Peter Tapsell, a Conserv[a]tive Treasury spokesman, ha[d] argued that rising public expe[n]diture and the consequenti[al] fall in the international value [of] sterling was likely to brin[g] about a rising rate of inflatio[n] in the second half of the yea[r]. He was accused by Mr. Barne[tt] of repeating a simplistic vie[w] held b yhis "friends" in th[e] City.

It was a misleading view, i[n]sisted Mr. Barnet, and a wro[ng] view of what was likely to ha[p]pen. In underlining the nee[d] for continued moderation in wag[e] settlements, he acknowledge[d] that the level of inflation wa[s] also dependent on growth [in] world trade and the level [of] import prices.

Mancroft will give foreign boycotts Bill evidence

BY MAURICE SAMUELSON

LORD MANCROFT, the former Tote chairman and former Conservative Minister, is to break a 15 year silence on his removal from the Board of the Norwich Union Insurance Societies due to pressure by the Arab Boycott Office. At the time, it was reported that he was also denied the presidency of the London Chamber of Commerce for the same reason.

He is to give evidence on Tuesday before a LordsSelectCommittee which is examining the Foreign Boycott Bill.

The committee, under the chairmanship of Lord Redcliffe-Maud, is expected to ask Lord Mancroft, a prominent member of the Jewish community, whether he believes the Arab objection was partly motivated by anti-semitism.

The Bill, drafted by Lord Byers, the Liberal peer, resembles legislation introduced in the United States. It provides penalties for complying with Boycott applications, and proposes publishing a register of such requests.

Lord Mancroft's removal from the Norwich caused such an outcry that the Board quickly asked him to return. He refused, and two fellow-directors resigned in sympathy with him.

Arab spokesmen strongly denied that Lord Mancroft had been singled out because of his religion. They claimed that it was because of his business interests in Israel. He was a director of Great Universal Stores, whose chairman, Sir Isaac Wolfson, was a strong financial supporter of Israel. H[e] was also chairman of Glob[e] Tours (Israel), a GUS su[b]sidiary.

The threat from the Norwic[h] point of view was not just [to] their business in the Arab worl[d] but to their whole marine bus[i]ness. Some of their customer[s] had already felt Arab pressur[e] themselves, it was claimed.

However, the Norwich ce[r]tainly lost some business as [a] result of a counter-boycott b[y] some pro-Israeli and Jewis[h] business concerns.

Lynch returns to attack

BY GILES MERRITT IN DUBLIN

MR. JACK LYNCH, Irish Prime Minister, last night returned to the attack in the row over Ulster and Republican terrorism that has been souring Anglo-Irish relations this year.

In a sharp reaction to a British Government move on the sensitive issue of extradition of suspected terrorists, Mr. Lynch said that the Irish Republic had been subjected to a "barrage o[f] criticism."

There were reasonable mis[]understandings about the tech[]nicalities of extradition. Bu[t] "what is not so reasonable i[s] that some persons shoul[d] apparently try to foster this mis[]understanding and misrepresen[t] our position."

Labour plans better-informed Commons with power to probe public spending

BY PHILIP RAWSTORNE

RADICAL REFORMS of the House fo Commons are suggested in a statement published yesterday by the National Executive Committee of the Labour Party.

The changes are designed to complementt he abolition of the Lords — already party policy — by strengthening the powers of backbench MPs.

The NEC proposals which are to be discussed with Labour MPs before a final policy decision include:

1. Investigatory committees of MPs, advised on a party political basis, to cover the work of each Government department.
2. A Freedom of Information Act to help the MPs' inquiries.
3. A more powerful and professional Commons audit system that would cover the spending of state funds by private organisations.
4. Major changes in legislative procedures.
5. Television broadcasts of Commons proceedings.
6. The linking of MPs' salaries to Civil Service rates: and regular hours of work.

The investigatory committees, whose membership would reflect the composition of the Commons, would cover the policy fields of each Government department, and in particular, their public spending programmes. Full access would be given to information, including Treasury statistics and forecasts, necessary to their work.

The NEC says: "Such information could in our view only be obtained by the introduction of a Freedom of Information Act providing for a genuine system of open government—placing the onus on the authorities to justify withholding information."

Promising more detailed proposals shortly, the NEC adds: "We believe that in an open and free society there are many other reasons for such a measure, but our main purpose here is argue that without such legislation, MPs could not perform the new roles which have been assigned to them."

The departmental committees would be staffed and advised by specialists and on party political lines.

The NEC statement says it "sees no future in consensus government by all-party committees" and its proposals would effectively disperse power in Parliament and out of it to the political parties and the groups and individuals who supported them.

As an additional reinforcement to the Commons investigations of the objectives and results of Government spending, the Public Accounts Committee would be given a bigger professional staff and its powers extended to cover the management, efficiency and effectiveness of all organisations receiving public funds.

Parliamentary scrutiny of legislation should be improved by the major changes in Commons procedures, says the Labour document.

A Government Bill should be accompanied on publication by papers setting out the history of the proposed legislation and the need for it. They would outline the purpose of each clause "to ensure that MPs and others were as well informed as the Minister himself."

The NEC says there is "logic and merit" in retaining a second reading debate on the principles of a Bill. But it recommends drastic changes in the committee stage. The Commons, it says, should revert to its old procedure of referring Bills to Select Committees.

As Legislative Committees, they would have power to call witnesses and guillotine debate and should be required to report by a specified date.

After the report stage, a Bill would be sent to a Revision Committee, whose role would be confined to recommendations for correcting or clarifying the draft.

The Bill would be put to a final vote in the Commons and, if passed, would become law.

"The published Act should, as far as possible, be written in clear and easily understood language and should be accompanied by an updated memorandum explaining the purpose and meaning of the legislation, clause by clause," the document states.

With the abolition of the Lords, the NEC suggests that hereditary peers should revert to the normal rights and privileges of ordinary citizens and have no special legal status.

A Royal Commission should be set up to decide the future of the Law Lords and the Lords as a Court of Appeal accommodated outside the Palace of Westminster.

Recommending finally that the Commons should sit during normal working hours and that its proceedings should be televised, the NEC declares that its members could properly express, interpret and translate into action the views of the people.

Democracy could be enhanced and extended through "the party political debate and struggle" and Government Ministers and civil servants made properly accountable.

Reform of the House of Commons. Labour Party. 25p.

Colonel B motion for debate by MPs

By Philip Rawstorne

THE COMMONS Committee on Privileges is to examine the issues raised by the Colonel B affair.

Mr. Michael Foot, Leader of the House, announced in the Commons yesterday that a motion referring the questions to the committee will be debated on Tuesday.

The terms of the motion would enable the committee to examine all aspects of the situation created by the naming of the colonel—an Army intelligence witness in a secrets trial—by four Labour MPs despite a court ruling that he should not be identified.

The major issues to be resolved concern the general relationship between Parliament and the courts.

Mr. George Thomas, the Speaker, has indicated that the Commons rule barring MPs from referring to sub judice matters was broken in this case.

The committee will consider whether changes need to be made in the rule or in its application.

Members of the committee will also be concerned to clear up the confusion that arose over the legal position of newspapers, radio and television, in reportin gthe Commons incident.

The Director of Public Prosecutions warned at the time that publication might be construed as contempt of court.

Blacklist publicity response

BY IVOR OWEN

COYNESS AMONG 31 firms blacklisted by the Government for failing to comply with income policy guidelines was highlighted by Mr. Joel Barnett, Chief Secretary to the Treasury in the Commons yesterday.

He reminded Tory MPs that when they mounted their major Parliamentary attack on the Government for using sanctions to enforce a voluntary policy it was suggested that the blacklist should be published.

As promised at the time, the Government had written to the firms concerned and asked if they were agreeable to their names being published.

Mr. Barnett disclosed that out of the firms contacted, 16 had replied and only one had agreed to be publicly identified.

A Treasury spokesman said later that the name of this firm was also being witheld because negotiations were in progress which might lead to the adjustment of the disputed settlement to accord with the pay guidelines.

First reading

A FORMAL first reading was given in the Commons yesterday to a Bill presented by Mr. Laurie Pavitt (Lab., Brent S.), which would prohibit the distribution of unsolicited publicity material to promote cigarette sales.

Cabinet defers decision on White Paper

By John Elliott

THE CABINET yesterday deferred until next week a final decision on the White Paper on industrial democracy, which follows on from last year's Bullock Report.

There are understood to have been no major snags, but there was not sufficient time at yesterday's Cabinet meeting for the discussion on the White Paper to be completed. However, publication is still scheduled in the next two or three weeks.

The proposals in the White Paper cover statutory rights for union members to be consulted on major company decisions. After a waiting period of between three and five years, they could also claim one-third of the seats of a company's policy Board.

Next week's business

TUESDAY: Motion to refer to the Committee of Privileges the matter of the ppblication of proceedings of the House: debate on enlargement of the European Economic Community: motion on EEC document on Commercial Agents.

WEDNESDAY: Wales Bill, report.

THURSDAY: Debate on Rhodesia.

FRIDAY: Private members' Bills.

MONDAY (May 8): Finance Bill, committee.

BY DAVID BELL AND RAY DAFTER

The great U.S. pricing muddle

THE LATEST debate about the pricing of natural gas and crude oil inside the U.S. has rumbled on now for more than a year and the whole subject has, not surprisingly, come to seem increasingly confused and confusing.

Controversy over who should have control over the pricing and production of the nation's gas dates much further back in history, to nearly 40 years ago. But the arguments have intensified since the 1954 Philips decision of the Supreme Court which said that the Federal Government did have the power to set the prices of gas shipped by pipeline from one state to another.

This decision brought the Federal Power Commission (now subsumed into the new department of energy and called the Federal Energy Regulatory Commission) full square into the making of natural gas pricing policy where it remains. This week, if all goes well and no one is sure that it will, the conference committee considering the Energy Bill will take the first step to get the Government out of the gas regulation business.

It has taken this committee over six months to arrive at a tentative compromise that holds out the promise that, by 1988, the Federal regulation of interstate gas prices will come to an end. In the meantime a complicated formula will, if the compromise is approved, allow the Federal Government to disengage gradually and abolish the basic distinction that has been the primary cause of the natural gas pricing problem.

Three states

Although the 1954 decision slapped controls on interstate gas prices it did not affect the price of gas within the states that produce it. Thus Texas, Oklahoma and Louisiana—the three major producing states—have been supplying gas to the rest of the nation at prices that are different from the price they have charged at home.

Currently this means that gas is being sold inside these three states at about $2.00 per MCF (1,000 cubic feet) whereas the federally regulated price for gas that leaves any of these states is only $1.45 per MCF. At the moment it is therefore not surprising that companies that have found extra reserves of gas are not rushing to connect them into the million-mile nationwide pipeline system. Indeed only 50 per cent. of the 20 trillion cubic feet of gas produced in the U.S. travels along this network. The rest remains inside the states where it is produced and has helped for example spawn Texas' huge chemical industry.

As a sign that explorers are confident that the interstate market is going to become more attractive the number of wells drilled in these three states has climbed sharply in the past year from about 25,000 to about 48,000. The American Gas Association has also revised upwards its estimate of possible reserves to between 600 and 1,000 trillion cubic feet, or enough to last for between 30 and 60 years.

These kind of figures are necessarily speculative. What is concentrating the minds of the producers is the tentative new pricing formula that would follow agreement in the Energy Bill conference committee. This formula would end the distinction between inter- and intra-state prices. It would also raise the price from $1.45 per MCF to $1.93 per MCF.

Thereafter the formula becomes exceedingly complex with distinctions made between new gas discoveries for which the price could be set higher than existing output in renegotiated contracts, which would be deregulated somewhat later.

Broadly speaking, in the case of new gas, the price would climb each year between now and 1981 from about $1.93 by the rate of inflation as measured by the GNP plus 3.7 per cent.

From April 20, 1981 the price would rise by the inflation rate plus 4.7 per cent. until 1985. Controls would then cease, but Congress would have the option after six months to reimpose them for a further 18 months if the market went wild. On December 31, 1988, come what may, the controls would end.

The upshot of all this is that on the basis of present trends new natural gas will be selling by 1985 at about $4 per MCF. Since much gas is sold to utilities on long contracts at prices as low as 29 cents per MCF the formula also has a mechanism to prevent gas companies from increasing prices too steeply when contracts are rolled over.

There are of course other factors that enter into the equation. One is imported liquefied natural gas from Algeria which currently accounts for only 100bn. cubic feet of consumption (about 10 per cent.) but which may grow. Precisely how the price of this would be controlled is not yet clear, but at present the Department of Energy is inclined to use the price of Canadian natural gas as the price above which it will not go.

This is particularly important with regard to the major gas finds recently made in Mexico. The Government is determined that this gas should not be sold in the U.S. at more than the Canadian price which currently stands at about $1.68 per MCF although it may rise. Mexican gas pricing is not an issue that promises to be resolved quickly.

The way in which the gas industry actually responds to this new opportunity (as opposed to the way that it says it will respond) will be an interesting test of the argument made by the gas and oil companies that given the right incentives the energy crisis will seem much less threatening.

Many explorers argue that most exploration has so far only taken place in easily accessible and relatively shallow areas, that is with land or sea wells drilled only to a depth of about 5,000 feet. They are convinced that much more gas is waiting to be found at depths of about 15,000 feet and have long argued that only higher prices will give them the incentive to look for it.

Opponents of de-regulation argue that even the present price is high enough (when compared with an average of 40-50 cents only two years ago) and that there really is not that much gas to be found. They say, as President Carter did at one time, that if prices rise even by as much as allowed for in the formula the American consumer will have suffered a great "rip off."

It remains to be seen how it will all develop. But it should be remembered that if agreement really can be reached this time on natural gas—and the present formula will give the industry $30bn. less than it said it wanted originally—it will be the first time that such agreement has been arrived at for decades. Viewed in that light the fact that it is now over a year since the Energy bill first went to Capitol Hill seems much less amazing, and the possibility of an agreement seems correspondingly more heartening.

U.S. CRUDE OIL PRICES

(January 1978)

	Average cost of crude oil at refineries* ($ per barrel)	% of U.S. domestic crude output (est.)	% of U.S. refinery input
Lower Tier Crude	5.68	40.1	21.5
Upper Tier Crude (excluding Alaska)	12.16	35.6	19.2
Alaska	12.18	8.9	4.8
Stripper Crude†	14.39	14.1	7.4
Naval Reserve Crude	12.52	1.2	0.6
		100.0‡	
Imported Crude	14.68		46.2‡
			100.0

* Including cost of transport of oil to the refineries.
† Where output has averaged less than 10 barrels a day in any 12 month period since 1972.
‡ Rounded up.

Source: W. Greenwell & Co.

On the other hand President Carter's attempts to bring more order to the even more muddled oil pricing position look less promising. In view of the continuing opposition of Congress to his plans for gradually raising the price of domestic crude oil and refined products, he is proposing to impose a $5 a barrel levy on imported crude. The cost of this tariff would be spread over all the crude refined in the U.S. so President Carter would still be moving nearer to his goal of more realistic fuel prices.

But an import tariff would do nothing to untangle the web of domestic oil price controls—a "labyrinthine complexity" of regulations where "the fundamental Law of Bureaucracy has been at work," according to a report published this week by London stockbrokers W. Greenwell and Co.

Much of the problem stems from the 1973 energy crisis and the imposition by the Organisation of Petroleum Exporting Countries of a four-fold increase in crude oil prices. The U.S., one of the top crude oil producers in the world, found that overnight the value of its reserves had rocketed. To ensure that the benefits were passed on to American consumers, the Government imposed various controls. These regulated the price of "old oil," crude from fields in production before the energy crisis; imposed a system of mandatory allocation to ensure that oil producers continued to supply established customers with cheap crudes and products; created a cost equalisation programme to ensure that refiners paid roughly the same average price for their crude whatever their mix of domestic and imported oil; controlled refined product prices; and created import licences and tariffs on imported crude and products.

As Greenwell states, this relatively simple basis for regulation has been swamped by a complex superstructure of controls and special rules.

The amendments which have followed have resulted in three price categories of crude oil. *Lower tier prices* apply to the "old oil." For each field the price ceiling is the price prevailing in 1973 together with an inflation-linked increment which is now about $1.70 a barrel. This means that the average price of this "old oil" is still well below $6 a barrel.

Upper tier prices cover output from fields developed since 1972 or any increase in production from older fields. The average price of this type of crude at the beginning of the year was $11.76, still well short of the OPEC-fixed "marker" price for crude oil. The growing output of oil produced from Alaska's North Slope is a special case. It is sold at the market price although its high cost of transportation means that its well-head price has to be kept below the ceiling that would be permitted in other U.S. states.

Three types of crude oil are exempted from these controls: production from U.S. Naval Reserves; so-called stripper oil produced from concessions where production has averaged less than ten barrels a day in any 12-month period since 1972; and imports.

Since February, 1976, the prices have been geared to a gradually rising composite price, in essence what was seen as the average cost of output from the different types of U.S. oilfields. The composite was set at $7.66 a barrel and designed to rise by up to 10 per cent. a year. Of course, it takes nothing short of a mathematical wizard to keep all of these pricing structures in step. Energy officials initially over-estimated the proportion of "old crude" produced and as a result the average price exceeded the permitted composite limit throughout much of 1976. To compensate for this, planned increases in the upper tier crude prices were postponed in 1977.

This time the Government turned the controls too far the other way. So since about a year ago the average price has fallen short of the statutory composite level.

What is more, the shortfall has been widening. Greenwell calculates that oil companies are being deprived of some $200m. worth of revenue a month as a result of the currently fixed pricing levels. The brokers estimate that between September 1977 and next month oil producers will have received $1.6bn. less revenues than they could have been permitted.

But there are unofficial reports in the oil industry to suggest that Dr. James Schlesinger, Energy Secretary, has been telling companies that they will be able to recoup this lost revenue if they support President Carter's attempt to push a crude oil equalisation tax through Congress. This proposed tax would be the means by which the Carter Administration would gradually raise domestic oil prices.

Dr. Schlesinger apparently told a small meeting of oil executives recently that apart from restoring the lower and upper tier oil prices to their legal limit, the energy department was considering a guaranteed phase-out of the lower tier category and additional help for low producing wells. The package, if implemented, might provide oil companies with some $35bn. worth of additional revenue by 1985.

Dr. Schlesinger is reported to have said that he "can't see how the industry could fail to see that this is a good deal." Time will tell.

CONFERENCES

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● SAFETY

Radio wave hazards under study

FOR many years it has been accepted by technical people working in radio engineering that, unless human proximity to obviously high power emissions are involved, radio waves, at any frequency, are harmless.

It has always been agreed that there is a fundamental difference between the effect of radiation above the visible spectrum in frequency (gamma and X-rays), and that below it (from infra-red down to long wave radio). While tissue-destructive effects occur in the former case, the only known first order effect in the latter case is heating.

In recent years, however, certain events have had popular media coverage that might lead some people to believe otherwise. Microwaves were said to have been propagated through the U.S. embassy in Moscow, allegedly affecting the occupants' health. Birds have been reported to drop out of the sky at Fylingdales early warning radar station, while students in prank climbs to the top of radio transmitter towers have "risked sterilisation" and radar technicians in the U.S. are said to have developed cataracts.

Unease caused

The fact that these stories either have not or cannot be validated in numerical terms does not, unfortunately, reduce the unease they cause, particularly in the thousands of people who work in the radio manufacturing and using industries.

The problem is exacerbated by an odd East-West conflict: the Russians, influenced by Pavlovian thinking claim to have observed—and have laid emphasis on—minor physiological effects that their opposite numbers in the U.S. have discounted.

As a result, the Russian safe limit for human exposure is 10 microwatts/sq. cm. while the U.S. limit (also used in the U.K.) is 10 milliwatts/sq. cm—a thousand times larger.

The subject has been further exposed in a recent book "The Zapping of America" by Paul Brodeur in which it is strongly implied that the U.S. establishment has refused to take a potential hazard seriously. The book appears to be very much in the current U.S. "self-exposure" vogue and is apparently not being taken too seriously by U.K. experts.

However, as a result of these events, work is in hand in the U.S., Canada and the U.K. aimed at ultimately producing realistic figures for human exposure particularly at microwave frequencies.

A team at Canada's National Research Council, working with rats, is looking for damage that might occur to the blood-brain barrier (the capillary-end structure where blood stops and "grey matter" starts). They are also looking for hot-spots; these are areas of the body that can absorb electromagnetic energy preferentially — known examples are the eyes and the testicles.

Effects at different frequencies will be examined as will the prospect that, like gamma and X-rays, there can be harmful effects due to relatively low dosage over long periods.

Study of dosage

This accumulated dosage study is a key feature of the work since, once again, it has always been assumed that the cancer-inducing dangers of relatively small but long term exposure to X-rays do not occur with ordinary radio waves.

Indeed, it hardly seems likely that they can occur—if they did, there would by now have been an obvious health problem in radar equipment test technicians and Post Office and BBC microwave link engineers. No such problem is known to exist.

In this country the Government in 1974 vested the task of investigating the problem in the National Radiological Protection Board at Harwell. There, a team is also looking at the effects of heating on tissue in rats and mice, taking particular interest in pulsed emissions that coincide with the brain rhythm.

Some of the findings will be made known soon but for the time being it seems that no definite conclusions have been reached and it remains to be seen whether the U.K. will adjust its safe limit to a lower level.

GEOFFREY CHARLISH

● INSTRUMENTS

Breathalyser leaves no room for doubt

PORTABLE and precise, an instrument has been designed and developed by Lion Laboratories of Cardiff for the instant analysis of breath alcohol. It gives an analogue read-out on a panel meter from the 640 series, manufactured at the High Wycombe, Bucks, factory of Ernest Turner Instruments, a member of the Hawker Siddeley Group.

Alcometer type AE-M2 was invented by Dr. T. P. Jones, now managing director of Lion Laboratories. A small hand-held version designed for initial roadside screening purposes has been in production for nearly two years. But the new device overcomes the limitations in precision of this pocket version while remaining small in size, portable and very simple to use. The instrument enables on-the-spot breath alcohol analysis to be carried out with an accuracy to within 12 mg/ml of actual blood alcohol without the need to take additional blood samples. The design of the instrument also enables it to be efficiently and accurately used even when the subject is deeply unconscious.

Alcometer equipment operates by passing an accurately metered volume of expired breath over a sensitised fuel cell, housed in a hand-held unit linked to the equipment. The cell is activated by alcohol vapour and generates an electrical signal proportional to the alcohol content of the sample. The electrical signal is amplified and displayed on the meter.

The panel meter has a tough, single-piece moulded acrylic front to give shadow-free reading and is supplied with a standard back-of-panel mounting kit which includes a chrome bezel. The moving-coil movement has an accuracy class of 1.5. It complies with BS 89, DIN 57410 and IEC 51 specifications and meets the requirements of both BS and DIN specifications for overload in full.

More from Hawker Siddeley, 32 Duke Street, St. James's, London SW1Y 6DG. 01-930 6177.

One of the new electronic breathalysers undergoing calibration prior to despatch from Lion Laboratories of Cardiff.

Refrigerant detector is simple

DESIGNED for use by refrigeration and dry cleaning engineers the Halogaz will detect leaks of all gases within the appropriate range. For example, the minimum detectable level of Freon 22 would be 0.025 per cent. in all, or 250 ppm.

The appliance consists of a copper burner unit in a chrome housing and a holder for the disposable butane gas cartridge. Attached to the unit is a flexible neoprene hose through which air is drawn for combustion.

Should a leak be suspected, the flexible hose would be used to probe the area until the flame changes colour from blue to green, confirming the presence of the gas in the atmosphere.

No special training is needed to operate the Halogaz and it requires virtually no maintenance apart from occasional replacement of the copper burner.

Further details from Camping Gaz, 126 St. Leonard's Road, Windsor. Windsor 55011.

● FARMING

Replacing the plough

TO THE many farmers attracted to it, direct drilling has had its frustrations, if not been something of a mirage. It is nevertheless gaining ground and tangible improvements in the technique are being achieved by Massey-Ferguson which, with ICI, helped to pioneer it in the U.K. nearly 20 years ago.

The advantages of direct drilling are spelt out by the Agricultural Development and Advisory Services which says that man hours per acre can be reduced from 2.1 to 0.4, and that 100 acres can be established in a 40 hour week compared with only 19 by traditional ploughing.

The MF 130 incorporates both the lessons learnt from the earlier MF 30 and some new components developed at its Coventry engineering centre: It now has a patented triple disc coulter which uses a parallel link. This maintains a slightly deeper working depth whatever the coulter position. Wear on the front disc can be taken up to ensure it is always deeper than two 15-row units but a 19-row two 15-row units by a 19-row close spaced grain only model is available.

Last year over 0.5m. acres were direct drilled in this country (25,000 in France and 7m in the U.S.). By 1980 MF believes well over 1m acres will be under direct drilling.

PETER CARTWRIGHT

● COMMUNICATIONS

Offers many channels

LATEST radiotelephone to be put on the market by Robert Bosch GmbH has 240 switchable channels in the 75.0 to 87.5 MHz frequency band, using phase-locked loop oscillators working from a single crystal.

The channels are programmed into read-only memories and are selected by dialling up the required frequency using a digital front-panel display.

The transmitter has a wide-band RF power output stage which needs no retuning on change of frequency. The receiver is a double superhet with a sensitivity of 0.7 microvolts for 20 dB signal to noise ratio on FM. The equipment meets European standards (CEPT).

Extensive use has been made of flexible printed circuits based on polyimide film (Du Pont "Kapton") which has considerably shortened inspection and test time.

Mobile operation is from 12 or 24 volts DC, but the unit can be operated from the mains for fixed station applications.

More from the company at Forckenbeckstrasse 9-13, D-1000 Berlin-Wilmersdorf, Germany.

● COMPUTING

Univac woos many users

ANNOUNCING all-time record results for the past financial year and anticipating the same for the current year, despite the weakness of sterling, Bill Read, managing director of Sperry Univac U.K., yesterday unveiled a series of additions to the Univac bill of fare, the most important of which could well be the data capture key-to-floppy disc 2000 series.

Univac made a lot of money for itself by moving into the key punch market at a time when most observers were predicting that key punch was to die within a year or so, which it did not.

Identifying problem areas in computing, the company has chosen to develop new fast data capture equipment that offers a series of advantages compared with other similar products in the market, most of which come from much smaller companies.

Read disclosed that the company's 1100/80 large computer had sold particularly well worldwide since its launch with some 120 systems worth an average of $7m. delivered or on order to date, a result which made this machine the best news for Univac since the prestigious 1108

The company has also started to offer in Europe the 90/40, a machine which bridges a gap in its own series and offers progression for users of previous generation machines. Univac has set up the marketing structure needed to promote the powerful Varian minicomputers acquired under a recent take-over deal.

With its major success in the TSB area and with Teesside Polytechnic, displacing ICL in both instances, Univac seems confident that it will become number three in sales value in the U.K. very shortly.

● METALWORKING

Reduces cost of mould

MECHANICAL Engineering and Machine Tools Requirements Board of the Department of Industry have placed a contract jointly with Selly Oak Diecastings, of Worcester, and the Fulmer Research Institute to develop a new cast-to-size mould and die-making process.

Primary objective of the contract is to develop the technique known as the Wheeldon process, after its inventor, for the production of cast iron dies for ferrous die-casting and moulds for injection moulding of plastics. The process involves exercising precise control over the casting procedure to reduce metal shrinkage, combined with unique mould dressings.

Successful development of the process is expected to significantly reduce both the lead time and costs of dies and moulds.

The contract is initially valued at £170,000, including a substantion contribution from Selly Oak Diecastings, and will run for a period of 18 months. After moulding development trials in the Yarsley Technical Centre of Fulmer, injection moulds will be made using the proces for evaluation by industry.

Dies for ferrous diecasting will be evaluated by Drakes Foundry, a sister company of Selly Oak Diecastings, where a suitable facility is being established.

On successful completion, the four partners propose to license the process for use by industry.

Yarsley Technical Centre, Trowers Way, Redhill, Surrey RH1 2JN. 0737 65070.

Furnace has much bigger throughput

BIGGER by 25 per cent. than the largest previous model from British Furnaces is the E.91, which can be programmed as a sealed quench unit to gas carburise, carbo-nitride, clean harden, bright anneal or nitro-carburise at low temperature.

It can take charge weights up to 1½ tonnes and transfers its loads from the carburising chamber into the quench oil without the surface of the components under treatment coming into contact with the air.

Heating rate of the furnace is 908 kilos to 850 degrees in an hour. When treatment is completed, the radiant tubes can be used as cooling elements so that the temperature of the charge can be reduced prior to quench far faster than would otherwise be the case. Fast heating and rapid cooling improve the unit's productivity.

British Furnaces, Derby Road, Chesterfield. 021-558 3151.

Profiles on grinding wheels

A TOOL-ROOM wheel dresser for internal and external form grinding designed to produce a shaped profile on the periphery of grinding wheels and for use in tool-rooms for applications such as the grinding of formed rolls and formed reducing dies used in the rolling and drawing of rod and wire has been introduced by Kynoch Engineering.

The pneumatically powered dresser is claimed to represent a significant advance over hand-powered dressers now in use. The unit is complete in itself and only requires two holding-down bolts and a compressed air supply of 70-100 lb/in² pressure It can form to a depth of ⅜ inch over a 1½ inch wide grinding wheel.

More information from Kynoch Engineering, P.O. Box 216, Witton, Birmingham B6 7BA (021-356 4848).

The Property Market

BY JOHN BRENNAN

Indexing—an alchemist's dream

COMPARING investment in direct property with gilts and equities is becoming a thriving industry in itself. But in a review of the three leading property indices, published to-day, Chris Walls of stockbrokers W. Greenwell and Co. comes to the view that the indexing business is something of a latter-day alchemist's dream—a great idea if it worked, but doomed to failure in practice.

In recent years Chris Walls has acquired a reputation for challenging some of the property market's basic assumptions, having sparked a heated debate on valuers' methods, and having questioned the quality of accounts reporting as well as the portfolio quality of the sector's giant, Land Securities Investment Trust.

In to-day's publication, "Property Indices," Mr. Walls sidles up to two of the most revered of property's sacred cows and beats them over the head with remorseless logic.

Why, he asks, is direct property investment seen as a long-term investment? And is there any real proof that property is a more sound long-term holding than equity or gilts?

On the first question he argues that there is no reason *in principle* why property investment should be long term; "Property may, of course, in practice have to be a long term investment for various reasons, such as the length of time it may take to buy or sell, the inefficiency of the market, etc. . . . we suspect that the main reason why property is regarded as necessarily long term is simply tradition." And so, property is treated as a long term holding, "not because of some particular virtue peculiar to property, but simply as a reflection of the property market's inadequacies."

No worthwhile research

This inefficiency of the direct property market, its illiquidity and the imperfection of information flow within it, is a cornerstone of Mr. Walls' case that, having looked closely at all the property performance indices now generally available, "no worthwhile research has yet been published which would enable us to reach a conclusion on the relative investment performance of equities and property over the last decade or so. We are not arguing that property will not in the future outperform equities; simply . . . that the case has yet to be made."

As any comparison between direct property (an inefficient market) and the stock market (in economic terms a liquid and highly efficient market) is an attempt to compare radically different animals, any attempted comparison runs into "probably insurmountable problems."

Greenwell clearly believes that the three major published property indices—The Economist Intelligence Unit/Michael Laurie Property Index, The Investors Chronicle Hillier Parker Rent Index and the Royal Institution of Chartered Surveyors/Institute of Actuaries City Rent Index—have fallen foul of these insurmountable problems.

The EIU/Michael Laurie Index is criticised for its small sample base which excludes reversionary properties and which is artificially weighted so that, inevitably, it "cannot be a true reflection of the property market, only a very limited segment of it." Proposals by EIU and Michael Laurie for a new index based on actual rather than hypothetical property portfolios are welcomed as "a much more accurate and credible guide," although not necessarily as a true reflection of the overall movement in property values in aggregate.

Overstating rents

The Investors Chronicle, Hillier Parker index is attacked for its decision to choose only "prime" properties and its methodology which, since it traces year by year prime rack, rental growth, "is likely in practice to overstate by a large margin the growth in rental income likely to have been experienced by an actual portfolio of properties, or indeed, by any property except one with annual rent reviews."

The RICS/Actuaries efforts are limited to a quarterly sample of rent movements in City of London offices. As the sample remains secret, Greenwell makes no comment on the quality or otherwise of this limited review. But it does point out some spectacular discrepancies between the RICS and Hillier Parker figures for rental growth, discrepancies probably arising from differing sampling dates.

Of far more importance than inbuilt problems of the individual indices is as Greenwell's comment on the use of these guides. There can be no doubt that each index has its own virtues, limited though they may be. But any attempt to use them as an objective source for direct property data is fraught with difficulties. And there is a growing and disturbing willingness among fund managers and other property market observers to turn to these indices as the only respectable evidence of trends in physical property values and to construct plausible, but fundamentally unprovable, arguments about the relative strength of property investment compared with alternative investments.

On comparisons with equities, Greenwell puts the point that, "To compare a "prime" property . . . against an equity index which must, by its very nature, include secondary, tertiary (and worse) equities cannot be valid." And the broker doubts if the practical problems of producing a direct property index which includes all types of property—a more directly comparable index with an equity index—can be overcome. But even if data in that form did exist, Mr. Walls doubts its value because of the basically different natures of the two investment markets.

Using the 1974 crash as an example he argues that to say that property values "fell by 25 per cent., or 30 per cent., or 35 per cent., or any other number conjoured out of the air as compared with a fall in equities of some 75 per cent." is not proof that property is the more sound investment.

In practice for, "most types of property in 1974 the market simply ceased to exist. The much publicised 'superior quality' of property as compared with other forms of investment is not the result of some inherently superior virtue possessed by property alone, but is simply a reflection of the market in that, beyond a certain point (reached in 1974) the direct property market becomes incapable of reflecting the underlying forces within the economy as the market dries up."

Volatility

He suggests one possible route through the labyrinth of problems preventing a clear comparison of property and equity investment. By using modern capital asset pricing theory's concept of "risk level," or volatility, it might, he believes, be shown that ungeared direct property investment's low risk level compared to geared equities could swing the balance of investment performance in favour of property. But such research would also need to balance the low volatility against property's illiquid nature and the risk that to-day's "prime" investment may become to-morrow's increasingly unsaleable and lower income generating secondary property, either as investment fashions change, or as the building is overtaken by new designs or new business needs. As Greenwell concludes, even if a satisfactory yardstick of past property performance could be devised "this will not necessarily help us in deciding what will be the future relative performance of property."

Greenwell could, and no doubt will be, accused of beating sacred cows for the fun of it. But assault and battery of cherished traditions does help to sort out unquestioned assumptions from facts. And in the indexing business, although the three indices chosen by the broker for review are the best available, there are too many assumptions and, necessarily, too few facts to justify the dangerous tendency to misuse these guides as objective proof of property's primacy in the investment world.

In Brief . . .

MICHAEL EVANS, chairman of the British Property Federation's Residential Property Committee, describes a recent Shelter report on student accommodation as being, "couched in emotional and regrettable terms."

Shelter, the housing pressure group, attacked universities and other educational establishments for "exploiting a loophole in the law" by making use of security of tenure exemption clauses in the 1974 Rent Act.

Under the Act, educational establishments are allowed to become head tenants on privately rented property.

The university and college then sub-lets the accommodation to students, and the property is not then bound by the security of tenure provisions of the Act.

Shelter sees this use of the exemption provisions as a breach of the spirit of the Rent Act. But the BPF believes that students need private landlords, and that the tenancy exemptions are essential.

Mr. Evans argues that the "penal provisions" of the Rent Act prevent landlords from letting directly to students. "Students," he says, "are one of the many catagories of people who need an available supply of short-term rented accommodation. But for the Rent Acts, this could and would be supplied by private enterprise.

●

LAZARD PROPERTY Unit Trust has been on the buying trail again, paying £850,000 for Isis Estates' 53,000 square feet trading estate at Stratton Road, Swindon. Lazard, advised by Weatherall Green and Smith bought the space, let at between £1.15 and £1.25 a square foot, on an initial yield of just over 7 per cent. Conway Relf acted for Isis.

●

MONDAY SEES the launch of a new name in the agency world—Matthews Goodman and Postlethwaite. The merger of M and G and Liverpool agents John Postlethwaite has been under discussion since late last year and it formalises long standing links between the companies. Raymond Robinson, Postlethwaite's senior partner, started his career in M and G's offices and the firms have liaised on a number of fronts since the Liverpool agents set up a London office 12 years ago. Postlethwaite's Cheapside office will close and the staff will move to M and G's Upper Thames Street headquarters.

PRIME YIELDS

	1977 J	J	A	S	O	N	D	1978 J	F	M	A
Central London	5.25	5.25	5.25	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Provincial	5.5	5.5	5.5	5.5	5.5	5.5	5.25	5.25	5.25	5.0	5.0
Industrial/warehouses	7.25	7.25	7.0	7.0	7.0	7.0	6.75	6.5	6.5	6.5	6.5
Shops	5.25	5.25	5.0	5.0	5.0	4.75	4.5	4.5	4.5	4.5	4.5
Minimum lending rate	8.0	8.0	7.0	6.0	5.0	5.0	7.0	6.5	6.5	6.5	7.5
2½% Consols	12.98	12.8	12.15	11.31	11.0	11.4	10.86	10.6	11.1	11.2	11.8

Source: Savills

Savills' commercial property investment market report for 1978 echoes the cautious note about prime property yields sounded some weeks ago by Edward Erdman and Company. But unlike Erdman, which now fears that, "a further bout of no-growth inflation" could cut into the potential for rental growth and so feels that "property may become cheaper towards the end of 1978." Savills questions reports of historically low yields. Well publicised deals, necessarily reported often months after completion may do, it feels, give an impression that yields are lower than they really are. And "to say that prime properties should not be purchased in 1978 at yields below 5 per cent. might well (retrospectively) prove a miscalculation." But Savills concedes that this feeling is now a psychological barrier to lower yields.

Relaxation of ODP controls may, in the agent's view, have influenced the shape of commercial portfolios, as offices' appeal has been "based more on restrictions of supply than weight of demand." But it feels that funds increased interest in industrial and shop properties really reflects their better rental track record. Now, Savills believes that, since Christmas, the market has, "out accelerated itself at a time when there is a need for a gentle foot on the brake." But as things cool off "attractive buying opportunities could well arise in all sectors of the commercial property market, particularly provincial offices . . ."

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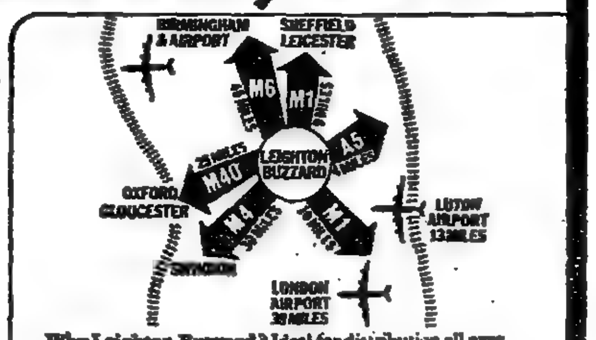

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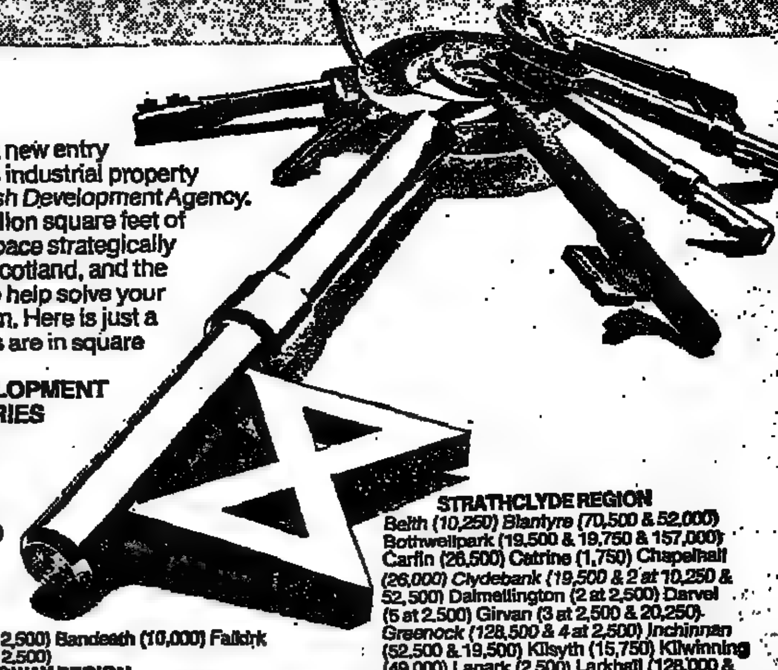

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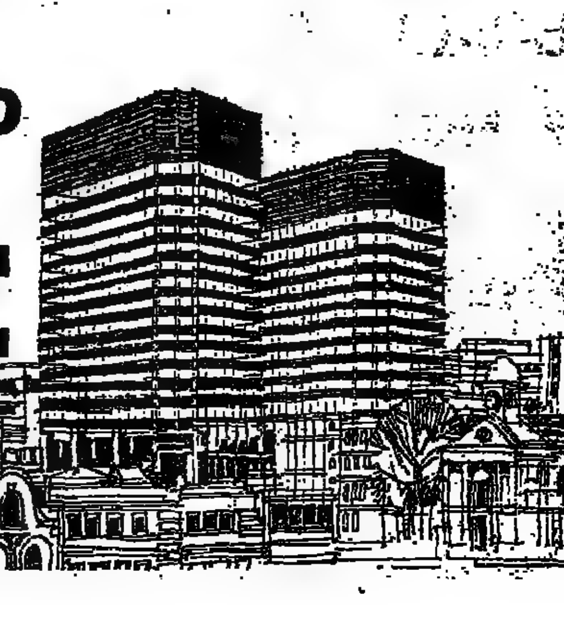

PROPERTY APPOINTMENTS

A FINANCIAL TIMES SURVEY

INTERNATIONAL PROPERTY

MONDAY JUNE 5 1978

The Financial Times proposes to publish a survey on International Property on Monday June 5 1978. The main headings of the provisional editorial synopsis are set out below.

INTRODUCTION Property dealers around the world have been polishing up real estate's recently tarnished image as the most secure of long-term investments. The dealers have been forced to redouble their normal propaganda efforts because of the evident gap between promise and performance in world property investment markets over the past four years.

THE MARKETS:

EUROPE: FRANCE ● WEST GERMANY ● THE NETHERLANDS ● BELGIUM ● ITALY
IRELAND ● SCANDINAVIA ● EASTERN EUROPE ● SPAIN
NORTH AMERICA: THE UNITED STATES ● CANADA ● SOUTH AMERICA: BRAZIL
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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

The content and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor.

APPOINTMENTS

C. A. Hogg becomes a deputy chairman of Courtaulds

Mr. C. A. Hogg has been appointed an additional deputy chairman of COURTAULDS. Mr. Hogg joined the group in 1968 and became a director of Courtaulds in October, 1973. He has overall responsibility for the consumer products, packaging and paint activities of the group.

★

Mr. Derek Rogers has been appointed circulation sales director of MIRROR GROUP NEWSPAPERS from May 1. Mr. Ron Cotton is to be deputy circulation sales director and continues as circulation sales manager of the Daily Mirror. Mr. Michael Lloyd will be group marketing manager responsible for performance evaluation of the main revenue areas. These are the first appointments to be made by Mr. Brian Downing, group marketing director, in establishing a new marketing department.

★

Mr. M. J. Monk and Mr. D. M. G. Monk will be joining WALTER WALKER AND CO., stockbrokers, as associates on May 2.

★

Mr. C. C. F. Laidlaw, a managing director of British Petroleum, has been appointed a director of the COMMERCIAL UNION ASSURANCE COMPANY. Mr. J. R. Ford, actuary international, will be leaving Commercial Union on May 3, following his appointment as Australian Government Actuary in Canberra.

★

Mr. F. G. Mulryan and Mr. J. M. Siddall have retired from the Board and Mr. Alistair Grant, Mr. David Webster and Mr. John Campbell have been appointed directors of MORGAN EDWARDS.

★

Mr. W. A. Mallinson is to become vice-chairman of SMITHS INDUSTRIES on August 1 and will be succeeded as managing director by Mr. F. R. Hurn. Mr. J. W. Thompson will be deputy managing director.

★

Mr. Ron Tregoning has been appointed financial manager for the newly formed SEAGRAM EUROPE organisation and continues as financial director of Seagram Distillers.

★

The MINISTRY OF DEFENCE states that Mr. J. Ellis will become director projects and research, Military Vehicles and Engineering Establishment, Chertsey, Surrey, from June 1, in succession to Mr. I. H. Johnston, who has been made deputy controller R and D Establishments and Research B, and Chief Scientist (Army).

★

Mr. John Mills will be joining HILL SAMUEL AND CO. next month with special responsibility for oil and energy, particularly in relation to the Middle East. It is proposed that he will become a director of the bank. Mr. Mills has been general manager and chief executive of Lindsey Oil Refinery for the last eight years.

★

The Secretary for Energy has appointed Mr. Frank Holloway as a part-time member of the NATIONAL COAL BOARD from May 1 for three years. Mr. Holloway is managing director, finance and supplies, at the British Steel Corporation.

★

Mr. Diarmuid Downs, chairman and managing director of Ricardo and Company, has been elected the president of the INSTITUTION OF MECHANICAL ENGINEERS in succession to Sir Hugh Ford.

★

Mr. J. W. D. Campbell, chairman and managing director of Mann Egerton and Company, has become president of the MOTOR AGENTS ASSOCIATION in succession to Mr. Norman Quick.

★

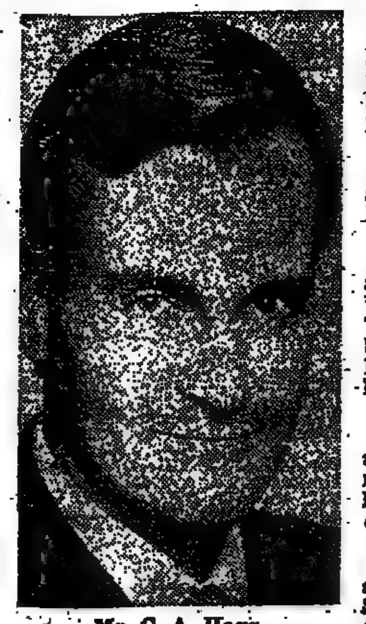
Lord Wolfenden has become president of the METROPOLITAN ASSOCIATION OF BUILDING SOCIETIES, following the retirement of Lord Wakefield of Kendal.

★

Mr. Wolfe J. Frankl has been made managing director of U.S. TRUST LONDON.

★

Captain E. D. G. Lewin has retired as deputy chairman of BRITISH AEROSPACE DYNAMICS GROUP. Following service in the Royal Navy, Captain Lewin became a director of Blackburn



Mr. C. A. Hogg

and General Aircraft (later the Blackburn Group) in 1957. He was appointed chairman of Hawker Siddeley Dynamics on the formation of British Aerospace in April 1977, becoming deputy chairman, Dynamics Group, in December 1977.

★

PRESTCOLD HOLDINGS, the commercial refrigeration and air-conditioning arm of SP Industries, has announced the appointment of Mr. Michael Hankins as manufacturing director of its Semi-Hermetic Unit Division. Mr. Hankins has held senior manufacturing appointments in the automotive industry in the power train field.

★

Mr. John Richardson has been appointed managing director of PRODUCTION STAINLESS STEELS. He was previously marketing and sales manager at Charles Wade and Co.

★

Arthur Young McClelland Moores and Co., and C. A. Huntington and Co., Liverpool, announce that, from May 1, their respective insolvency practices will merge and will continue under the name of ARTHUR YOUNG McCLELLAND MOORES AND CO. Mr. F. W. Taylor and Mr. C. J. Chambers, of C. A. Huntington, will join the partnership. Mr. F. Gilbert Parr retires on April 30 as a partner of the Liverpool office of Arthur Young McClelland Moores and Co. from May 1. Mr. Christopher J. Frankland, Mr. John E. Smith, Mr. Bernard Whewell and Mr. David Weir will be admitted into the partnership. Mr. Frankland and Mr. Smith will be resident in the London office, Mr. Whewell in the Manchester office, and Mr. Weir in the Liverpool office.

★

CITY OF GLASGOW FRIENDLY SOCIETY. Mr. David B. Dickson, general manager, is made consultant. Mr. David Wright, deputy general manager and actuary, becomes general manager and actuary. Mr. Robert G. Thomson, assistant actuary, is now joint actuary. Mr. A. L. R. Bramley, secretary, becomes investment manager and secretary.

★

Mr. Graham R. Thomson, who has been elected president of DUNDEE AND TAYSIDE CHAMBER OF COMMERCE AND INDUSTRY, is director of manufacturing, U.K. plants, Timex Corporation. The deputy-president is Mr. J. R. Munro, chairman of Munro Petrosea.

★

Dr. R. D. Johnston takes up his new appointment as director of BNF METALS TECHNOLOGY CENTRE, Wantage, Oxon, on July 1.

★

Mr. Roger D. Flood has been appointed director of operations for BADGER. Mr. Flood was previously project director.

★

Mr. H. J. Burley Smith has become chairman of INTERNATIONAL MARINE MANAGEMENT (U.K.), succeeding Mr. Ian McAlley, who continues as a consultant to the Board.

★

Mr. J. H. Vernon has been appointed a non-executive director of MIDLAND INDUSTRIES. He is a partner in Vernon and Shakespeare.

★

Mr. Douglas C. Muirhead has been appointed chairman of P. MANAGEMENT CONSULTANT and Mr. John Duncan has joine the Board. The company operate in the U.K. and Ireland, and i part of PA International.

★

Mr. M. C. D. Goodchild has bee appointed a director of UDISC BROKERS.

★

Mr. G. F. Owen has bee appointed deputy chairman o WESTON-EVANS GROUP and Mr T. Ryan, company secretary, ha been made a director. Mr. G Ferguson Lacey and Mr. R. C McBride have joined the Board.

★

Mr. P. J. Peers has bee appointed director and genera manager of WILLIAM AITKEN HEAD, a Hawker Siddele company.

★

Mr. C. W. Brocklebank has bee appointed deputy chairman o SMITH ST. AUBYN AND CO (HOLDINGS) and of Smith St Aubyn Company.

★

BRITISH CALEDONIAN AIR WAYS has appointed Captain John Hawkes as general manager flight safety and technical services, and Captain Gerald Moore as chief pilot. They report to Captain P. A. Mackenzie, flight operations director.

★

HEYWOOD WILLIAMS has made the following group changes from May 1: Mr. Douglas Oliphant to be executive chairman, Mr. Ralph Hinchcliffe, group managing director; Mr. Michael Davis, managing director of the Apollo division; Mr. Michael Broadhead, company secretary, to have additional financial responsibilities assisted by Mr. Tony Short; Mr. George Noble, managing director of the military engineering division as well as patent glazing division; Mr. Howard Parkin, financial director, Coastal Aluminium Products; and Mr. Bob Leech, a director of Heywood Williams.

★

Mr. Malcolm Banks, group traffic manager of the Littlewoods Organisation, has been elected president of the FREIGHT TRANSPORT ASSOCIATION, succeeding Mr. Ian Phillips.

★

Mr. Alan P. Dennis joins WILMOT BREEDEN ELECTRONICS as managing director on May 2. He comes from AFA-Minerva (EMI) and takes over from Mr. Claud Miller, who will become non-executive deputy chairman until he retires towards the end of the year.

★

Mr. E. D. Simpson, managing director of Hartleys (Ulverston), retires on December 31. He will be succeeded by Mr. A. J. Walk, who retires from Whitbread and Co. on September 30 to take up his new appointment at Ulverston later in the year.

★

Mr. Alan Virtue has been appointed to the Board of FLEXIVAN INTERNATIONAL in the U.K.

★

SP Industries (formerly Leyland Special Products) has appointed Mr. Courtney Finn as managing director of BARFORDS OF BELTON. Mr. Peter Du has been made director, special projects for Alvis. They take up their new posts on May 1.

★

Mr. Brian Slade has been appointed managing director of BROCKHOUSE CHATWIN PRECISION.

The Management Page

Why Britain is so weak in product innovation

BY CHRISTOPHER LORENZ

BRITAIN'S "chronic under-investment in skills and technology" has left it in a far weaker position than its industrialised competitors to exploit the potential for new products—and therefore new employment. Yet competitive success in manufacturing will depend increasingly on innovation, in specialised design and marketing skills as well as technological strength in machine building, process engineering and the application of electronics.

This is the bleak message to emerge from two papers in recent weeks by Mr. Keith Pavitt, senior fellow of the Science Policy Research Unit at Sussex University, which reflect much of the Unit's recent work.*

The U.K.'s weak position can be traced back to under-investment in both skills and technology since the beginning of this century, but has been still worsened in the past 10 to 12 years by "a precipitous decline" in its industrial research and development, compared with that of other OECD countries, Mr. Pavitt argued.

His papers, presented at a course run by Bradford Management Centre, and at a conference of the technological forecasting division of the European Association for Industrial Marketing Research, provided a deeper and more extensive analysis of the need for product innovation—and Britain's particular problems—than Hugh Parker's recent analysis (this page, March 14).

One of Mr. Parker's main arguments was that manufacturing industry in the less developed countries (LDCs) would soon be moving "up-market," from basic into intermediate and, ultimately, into higher technology products, thus challenging established industries in the Western world across a broad front.

This challenge had not yet been widely perceived because it was still indirect, Mr. Parker maintained, in that the U.K. and other Western countries were not yet meeting the LDCs as competitors in third countries on a substantial scale.

To this explanation of the *need for greater product innovation*—and widespread unawareness of the problem—Mr. Pavitt added the point that conventional economic thought denies that technical change raises long-term problems; a theory he rejected in forceful terms.

Much of his supportive material was drawn from unpublished studies — such as *evidence challenging the* fashionable view that consumers spent more and more of their income on services rather than goods as they grew richer between the 1950s and 1970s. Mr. Pavitt also warned against assuming that "the future of manufacturing industry can be neglected" because the "service sector" will be able to absorb surplus labour.

In addition to the growing manufacturing challenge from the less developed countries, Mr. Pavitt forecast three types of major influence on technical change in the OECD area over the next 20 years:

● Changing patterns of demand for consumer and intermediate products.

● Higher energy and environmental costs.

● The impact of micro-*processors on products and* processes; and other technological advances, in materials and the chemical industry in particular.

Some of these influences will dampen growth and employment, others will augment them. Standard consumer goods (refrigerators, washers, etc.) and standard bulk materials (plastics, fibres, fertilisers, pesticides) will be particularly depressed, Mr. Pavitt warned.

These, of course, were some of the fastest-growing product areas in the 1950s and 1960s. Future growth in demand for them from the OECD countries will be dampened both by increasing market saturation, and *by higher investment costs, he* argued.

Warning

"Employment trends will turn down even more sharply," Mr. Pavitt warned, thanks to growing imports from low-wage countries, plus the pressures and opportunities for introduction of labour-saving techniques. Even the product groups where growth prospects remain *strongest, electronic capital and* consumer goods, will be affected by these pressures, he noted.

Whereas the less developed countries will become increasingly competitive in some consumer goods, he argued that other types of consumer goods were likely to continue growing in the industrially advanced countries.

"The Japanese experience with motor-bicycles, and the Japanese and U.S. experience with pocket calculators, suggests that new segments of market growth will depend not *first on conventional cost-cutting* in manufacture, but on active design and marketing, sometimes allied to radical changes in manufacturing technique," the Madrid conference was told.

With increasing income levels, *new consumer demands would* emerge. Work by one of Mr. Pavitt's colleagues at the Unit, soon to be published, offered a framework for analysing what these future demands might be.

Spending

*Rather than spending an ever bigger proportion of their in*come on services than goods as they grew richer between the mid-1950s and -1970s—this was the most widely-held view of post-war consumer spending patterns—customers spent their money on private cars instead of public transport; TV and Hi-Fi instead of cinemas, theatres and concerts; non-iron clothes, washing machines and dishwashers to replace domestic help. In other words, they replaced labour-intensive services with "domestic capital goods."

Similar trends could be envisaged in consumers' future expenditure on education, health and domestic energy, throwing up demand for such products as TV-linked electronic devices; self-diagnosis; and the so-called "soft" energy sources, solar *panels and cells, heat pumps* and so on.

In intermediate goods, areas for expansion would be coal-based energy and chemical products; fine instead of bulk chemicals; special instead of bulk *steels; and more flexible* process technologies, in steel and biochemistry, for example.

The greatest scope for new market growth would be in capital goods. Obvious examples were energy and labour-saving machinery; the low-wage countries would provide growing markets for process equipment and machinery from the OECD area.

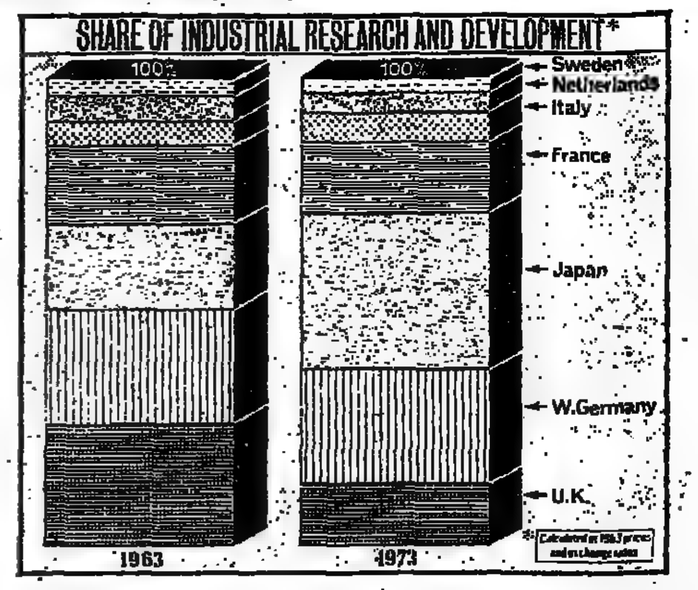
The impact of all these trends on manufacturing employment has already been mentioned, and *is becoming widely accepted by* businessmen, trade unionists and politicians. More controversial is Mr. Pavitt's warning that many of the service industries would be affected by the same dampening tendencies: gas, electricity, water, communications, commerce, banking and large parts of public administration would all be affected, *with computerisation and the* introduction of word processing just two of the influences.

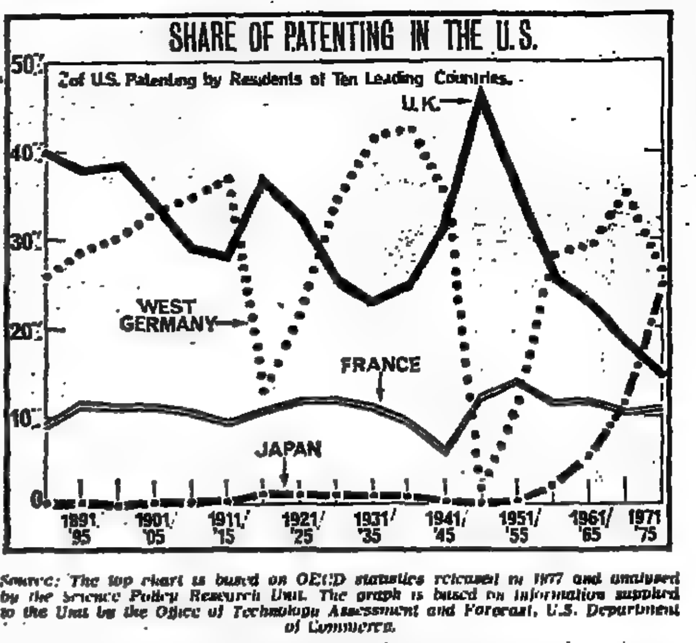
Growth in employment in many services will be closely linked to success in manufacturing; for example, the production of educational programmes for electronic consumer goods. Mr. Pavitt also suggested that the further development of some services (health, education, *recreation*) "*depend on the* creation of a satisfactory surplus in manufacturing industry."

Time and time again, then, Mr. Pavitt's papers rammed home the increasing need for product and process innovation in the OECD countries. Some of them were in a much better position than others to adapt to, and take advantage of, all the *growing constraints* and opportunities, he argued.

West German industry was particularly well placed, he considered, given the quality and quantity of its technical skills and R and D activities, and its demonstrated strength in machine-building and process engineering. For various reasons, the Netherlands, Sweden, Switzerland and Japan were also in a strong position.

For France and the United States, the situation was "uncertain." Mr. Pavitt said it was not yet clear whether France's industrial recovery since the war had produced the right sort of technological capabilities. U.S. industrial technology "may not be as strong as the conventional wisdom assures us," especially in machine-building. Countries he considered to be weak included the recently industrialised ones in southern Europe, who might not yet have created the requisite technological capabilities, and the U.K. His gloomy analysis of the *U.K.'s position and prospects* is explained in the second article on this page.





Source: The top chart is based on OECD statistics released in 1977 and analysed by the Science Policy Research Unit. The graph is based on information supplied to the Unit by the Office of Technology Assessment and Forecast, U.S. Department of Commerce.

Challenge

If his arguments will provoke despondency in British industry, they will also irritate many economists, both in Europe and North America. He challenged the view of "the two most influential schools of economic thought in the OECD countries"—*neo-classical and Keynesian*—that technical change creates no major long-run problems, provided certain conditions are met: that the factors of production are flexible, that their relative prices reflect conditions of supply and demand, and that aggregate demand is expanded in line with productive capacity.

"Such a view is inadequate," *according to Mr. Pavitt. Many of* the short-term problems—which conventional economic thought admits may arise—seem to be taking a long time to work themselves out, "and long-term equilibrium may be something we never reach, since there is always some new disturbance."

"In other words," he continued, "the short-term is be*coming the long-term*, the long-term is receding to infinity, and so-called problems of 'frictional adjustment' are becoming central concerns of policy. This is certainly true for the individual firm; it is also true of government policies for specific sectors or regions, as they adjust to the consequences of technical change or changing *competitive conditions*, or as they attempt to compete in world markets on the basis of some advantage in skill and technology." So the future directions and effects of technical change were a legitimate concern of public as well as company policy, Mr. Pavitt emphasised.

Patently disturbing

MR. PAVITT'S attack on the decline in U.K. industrial innovation was based on his analysis of two measures of innovative activity: R and D statistics compiled by the U.K. *and other* OECD governments since the 1960s; and last year's report from the Department of Commerce on the national origin *of patents* filed in the U.S. since 1883.

The Department of Commerce figures, collected through the Office of Technology Assessment and Forecast, show that the U.K.'s share of patents awarded in the U.S. has declined steadily since 1890, from almost 40 per cent. to just over 14 per cent. of the total awards to the 10 leading industrialised countries which are now OECD members (excluding the U.S. itself).

The decline has, as one would expect, been most marked in relation to the more recently industrialised countries: Italy, the Netherlands, Sweden and—above all—Japan. But it has also been noticeable in comparison with older industrialised nations such as Belgium, France and Germany, Mr. Pavitt pointed out. Some of the key statistics are reflected in the charts.

U.K. INDUSTRIAL INNOVATION BY SECTOR

(Total R & D expenditure as a % of net output)

	1963	1968	1972	1975
Total manuf.	4.4	4.1	3.7	3.5
Food, drink & tobacco	1.2	1.1	0.9	1.0
Chemicals & drugs	6.3	5.8	6.4	6.7
Petroleum products	8.6	6.1	5.8	2.2
Iron, steel & other metal prods.	2.1	2.0	1.5	1.5
Mechanical eng.	3.2	3.2	2.1	2.0
Scientific instrus.	6.0	6.6	5.5	3.9
Electrical & electronic	22.2	22.1	19.8	19.0
Shipbuilding	1.9	1.0	1.8	2.4
Motor vehicles	4.5	4.8	4.3	5.5
Aircraft & missiles	42.5	34.2	36.6	29.0
Fabricated metal prods.	1.0	0.8	0.6	0.5
Textiles & man-made fibres	1.6	1.1	1.0	1.4

Source: U.K. Government statistics, analysed by SPRU.

Thus the recent decline of the U.K. relative to West Germany in particular was part of a long-term trend. The belief, prevalent in the early and mid-1960s, that the U.K. was a great technological power with a "dowry" to give Europe, was an illusion because it lacked historical perspective, he concluded.

Since the 1960s, much more detailed and comparable statistics on R and D and patenting in the U.S. have been available. For the U.K., their overall message is that only a handful of industrial sectors have been improving their levels of innovation, in relative international terms. OECD statistics show that, between 1963 and 1973, industry-financed R and D increased in real terms in all OECD countries *except the U.K.*, where it stagnated, declining *from more than 15 to just under* 10 per cent. of the equivalent U.S. total.

The chart compares industry-financed R and D in 1963 and 1973. It shows a sharp fall-off in Britain's position relative to *other countries. In 1963, it was* at about the same level as West Germany. By 1973, it had fallen well below Japan, Germany and France.

One of the most telling set of statistics is summarised in the *table, which traces the ratio of* R and D expenditure to net output in 12 sectors of British industry over the 12 years 1963-75. It confirms that there has been a decline since the 1960s in the proportion of resources that *industry devotes to R and D.*

Decline

The most marked decline has been in ferrous and non-ferrous metals, mechanical engineering — "the heartland of British engineering," as Mr. Pavitt called it—fabricated metal *products and electrical and* electronic engineering. The only strong upward trends have been in chemicals and shipbuilding.

Industrialists were castigated by Mr. Pavitt for this reduction *in the share of resources they* commit to R and D. He claimed that the newly-analysed international statistics cast doubt on many of the *conventional* explanations: an economic environment which is not conducive to investment in industry; low growth and low profits reducing the resources available for innovation; and lower expan*sionary expectations about the* future.

Mr. Pavitt emphasised that many other countries' sector-by-sector breakdown of R and D shows nothing like the same depressing trend. And he questioned why there should have been a much sharper downturn in some U.K. sectors than in others. The performance of the mechanical engineering sector seems particularly worrying; the point is rammed home by Mr. Pavitt's claim that there has been a fall since 1970 in the number of qualified scientists and engineers *employed in* U.K. mechanical engineering.

Performance

Another relevant factor is the Unit's research into whether, as one would suspect, the trade performance of most industrial sectors is closely related to their rate of innovation. The results appear to be positive.

Mr. Pavitt ended on almost the only available positive note: the performance of the chemical industry had shown that it was possible in the U.K. to commit an increasing proportion of resources to innovative activities, and to improve its position relative to other countries.

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LOMBARD

Cartels and the Commission

BY GEOFFREY OWEN

EUROPE'S list of what the Japanese call SAIs (structurally ailing industries) appears to be lengthening. Oil refining, petrochemicals, paper, synthetic fibres, steel, shipbuilding, shoes—these are all sectors which, in whole or in part, are said to suffer from "structural" weaknesses; that is, the surplus capacity which exists is not just the result of the present recession, but is likely to last for a good many years and may even get worse. There are suggestions that these problems can only be tackled at a European level. The European Commission, it is argued, must draw up a plan, perhaps involving curbs on new investment, assistance with scrapping obsolete capacity and limitations on imports while the restructuring process takes place; the plan then has to be implemented in co-operation with member governments.

Japanese model

The model for this is Japan. There the Ministry of International Trade and Industry (MITI) has been working hard on the problem of the SAIs, which are thought to account for about 20 per cent. of sales and employment in manufacturing industry. Extensive surveys have been made and in most sectors a capacity reduction of at least 10 per cent. is required. MITI has proposed a "special recessionary industry credit fund," to be financed by government and the private sector, which would help to subsidise a scrapping programme. MITI also wanted the power to formulate industry-wide capacity reduction schedules and to oblige all companies to fall in line; mergers designed to reduce capacity would be exempt from the anti-monopoly law.

This last was too much even for Japan's relatively weak anti-trust agency, the Fair Trade Commission, and a somewhat watered-down version of MITI's proposals is now before the Diet: MITI must obtain the consent of the Fair Trade Commission before authorising joint capacity reductions. But even with these amendments MITI will be able to intervene in the affairs of the SAIs in a pretty drastic way, with detailed guidance on how, where and when plants should be closed down.

Is this kind of industry-wide rationalisation feasible or desirable in Europe? Of course it is absurd to compare MITI with the industry department of the Brussels Commission, even under the energetic Viscount Davignon. Nevertheless, a good many people seem to want the Commission to adopt some of MITI's techniques, on the grounds that the alternative—letting market forces take their course—would be too disruptive and would inflict permanent damage on European industry. The word "orderly" figures prominently in these arguments—the need for orderly markets, an orderly reduction in imports, an orderly approach to new investment.

Political and administrative problems almost certainly rule out anything resembling an MITI-type scheme for European industries: the British Government's reaction to the Commission's *proposals on oil refining* is one indication of this. But there is strong pressure on the Commission to do something, if only on a purely voluntary basis.

The danger with even partial moves in this direction is that they may serve to shield the inefficient company from the consequences of its own inefficiency. If certain manufacturers, through bad management, obsolete plant or unintelligent marketing, are unable to make ends meet, they should be allowed to disappear and make room for their more efficient rivals. What is needed in most of Europe's SAIs (some of which, incidentally, are not large employers of labour) is an old-fashioned shake-out, brought about by the normal forces of competition: that would be good for the customer, help the economy and avoid a lot of unnecessary journeys to Brussels.

The shake-out does not happen because governments will not let it happen; they intervene to keep inefficient companies alive. This is a political problem which will not be made easier to solve by being transferred to the European level.

Encouraging

The one encouraging sign is the growing recognition by some governments of the futility of propping up inefficiency. That was the significance of the U.K. Government's recent statement on steel. Similarly, the French Prime Minister, in stressing the need for modernisation, is apparently prepared to see the steel industry contract in size if by importing steel French engineering companies can be made more competitive.

The European Commission should be doing its best to support these tendencies, by enforcing the rules of competition and outlawing subsidies which distort it. That, not the creation of cartels, is what the Common Market is supposed to be about.

AROUND BRITAIN

LIVERPOOL

The tide is turning

By RHYS DAVID, Northern Correspondent

IN BRITAIN'S highly competitive port trade dog has long eaten dog. Which is why there is some satisfaction at Liverpool that over recent weeks it has been winning some trade from Southampton because of industrial problems there.

Southampton developed during the sixties, often at the expense of Liverpool, where a seemingly never-ending series of disputes helped in the end to bring about the financial collapse of the old Mersey Docks and Harbour Board.

Much of that, however, has now changed. The end of casual labour practices and the buying-out of the old system of quayside bargaining between management and union representatives over payments for any cargo considered difficult or dirty, has brought a big drop in the number of man-days lost. In 1972 these totalled a phenomenal 256,618 when there were 9,541 men on the employment register, or 26.9 days per man on average. In 1976, when there were 6,916 men, it was down to 8,823 days lost (1.3 days per man average). And last year, when a week's strike added something of a blemish to the improved record, it stood at 17,680 or 2.75 days each on average for the 6,435-strong labour force.

Improved labour relations have also led to greater confidence on the part of shippers, and greatly improved financial results. At a time when all ports are suffering from the stagnation in world trade, Liverpool has just managed to return its second year of profit. Pre-tax profits of £4.6m.—after payment of interest and depreciation—were reported earlier this month by the Mersey Docks and Harbour Company, the successor company which now occupies the old board's impressive block at Liverpool's pier head. This brings the total profit for the past two years up to nearly £10m., compared with losses totalling £9m. in the previous four years.

The recovery is also a reflection of the major efforts made by the port over recent years to adapt to changes in the pattern of trade. General cargo has continued to decline, but, with a £50m. investment in new facilities at Royal Seaforth, Liverpool has been able to offer improved specialist handling for timber, grain, meat and other trades as well as modern container berths. Port-related developments have followed the improvement in facilities. Three important mills belonging to Kelloggs, Allied Mills and Continental Grain have been located alongside grain facilities. Elsewhere in the port United Molasses is building a new bulk vegetable oil tank installation, and Pfizer is developing a site in Birkenhead for a new animal feed-processing and distribution plant.

There has been praise, too, for the more professional approach now apparent at port authority headquarters. "It no longer radiates the impression of a gentlemen's club. Many of the top executives are behind their desks at 8.00, and this is something which impresses the labour force," one port user claims. Hand in hand with this is a more active approach to marketing the services the port can offer, instead of waiting for new traffic. Mr. James Fitzpatrick, the managing director, is recently back from a two-week visit to China, which included discussions with senior officials in Peking, Shanghai and Canton. Closer to home, following an approach by local fruit traders, the port is mounting an effort to secure a bigger share of fruit traffic, and if successful the company has said it may build a specialist fruit terminal.

But although Liverpool has undoubtedly had a good run for the past two years, new problems are looming which will have to be solved if the recovery programme is to remain on target. Though the labour force is down from a total of 16,000 some 15 years ago, the continued drop in general cargo is again leading to a surplus of labour.

Renewed uncertainty over jobs, as a result of this, is inevitably making it more difficult for the port to achieve the increase in productivity needed to bring Liverpool into line with some of the most efficient ports both on the Continent and in the U.K. High manning levels also feed their way back into prices charged to port users, harming Liverpool's efforts to win new trade. Liverpool already suffers from a reputation of being expensive and only this week a 12.5 per cent. increase in porterage was announced.

There are other structural problems, too, to be overcome. Oil imports through Tranmere have been a stable source of revenue, but the bulk of this traffic—at one time as much as 9m. tonnes a year—is now being lost following the development by Shell of its new single-buoy mooring system off Anglesey. Another major traffic at Birkenhead, iron ore, will be lost with the ending of iron-making at the nearby Shotton steelworks.

Further development of Seaforth is likely to play an important part in the efforts to counteract the loss of these trades. Container traffic at Seaforth, at 126,000 tonnes last year, is still below break-even point of 160,000 but losses at the terminal have been reduced from £1m. in 1976 to £100,000 last year. A boost to container trade should come, however, with the provision of a £750,000 rail terminal, talks on which are now going ahead with the state-owned Freightliners company. A link was included in the original plans for Seaforth but had to be dropped because of the port's financial crisis in 1971. At present the nearest railhead to which containers can be brought is at Garston several miles away, and to reach Seaforth containers have to be trans-shipped by lorry.

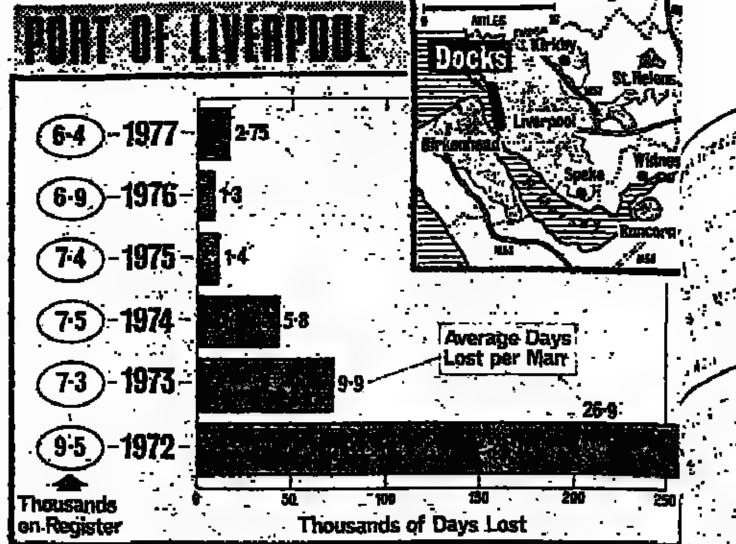
Elsewhere in the port the main development during the rest of the century is likely to be modernisation of Liverpool's characteristic finger-dock system. The rows of docks, which project at right angles from the river were designed to provide a large number of berths at a time when smaller general cargo ships carried the bulk of trade. The requirement now is for more land to provide back-up services and this will be provided by selective in-filling of older docks.

Like other ports, howev[er], Liverpool is faced with [the] problems caused by ove[r]capacity in Britain's po[rt] system, and the danger th[is] poses of a price war.

For Liverpool, however, th[e] importance of maintaining [its] position as one of the U.K['s] main all-purpose ports ca[n] hardly be over-emphasise[d]. Manufacturing industry [on] Merseyside has taken a seve[re] knock over recent months [as] a result of closures, and th[e] role which the port plays [in] the local economy has corre[s]pondingly been looked at agai[n].

A number of organisation[s] including the National Ente[r]prise Board, have come to th[e] conclusion that in re-buildi[ng] the employment base of Live[r]pool, the port, and the servi[ce] and manufacturing indust[ry] which it can attract, perha[ps] represent the rock on which th[e] future must now be built.

PORT OF LIVERPOOL



M-Lolshan is fast enough to concede 8lb at Newcastle

RACING

BY DOMINIC WIGAN

IN SPITE of looking just in need of the race, Captain Ryan Price's M-Lolshan put up a smart effort in finishing second to Hawaiian Sound in the Heath Stakes at Newmarket eight days ago.

The Findon colt, a son of Levmoss, is suggested as the best each-way proposition in Newcastle's XYZ Handicap.

I hope to see Essa Alkahalifa's colt proving too fast for Michael Stoute's course winner So Gifted, to whom he will be conceding 8 lb.

A fortnight ago at Beverley, the Virginia Boy mare Blou Hemel came close to causing the season's biggest upset so far when, at odds of 50-1, she was overhauled 100 yards from home by the favourite, Colway Boy, in the one-and-a-half mile Everingham Maiden Stakes.

Blou Hemel reappears on the popular Yorkshire track for this afternoon's Hessle Stakes over the same trip and there will be a good many local racegoers prepared to take her to go one better.

She seems certain to make her presence felt without, perhaps, being quite good enough to cope with the Gavin Pritchard-Gordon-trained Newmarket raider Flurry Knox, the two-and-a-half-length conqueror of Ekels Pride at Warwick on his only previous appearance this term.

Looking ahead to next week's Guineas meeting at Newmarket, Empery's trainer, Maurice Zilber, has announced that he might saddle Propriate for the 1,000 Guineas. The only other likely French challenger for the first fillies classic is Best Girl—by no means certain to last out the mile—and I fully expect that Zilber will decide to let his filly take her chance.

At present, Cherry Hinton heads the market at 2-1 in most lists, followed by Seraphima (8-1), Cistus (12-1), Smelter (14-1) and Glinting and Best Girl (both 16-1).

In the 2,000 Guineas, for which another Zilber three-year-old, Invincible, is a possible, Try My Best, an extremely uneasy favourite, has eased to 8-11 with Ladbrokes.

NEWCASTLE
2.30—Khadija
3.00—Free Game
3.30—M-Lolshan ***
4.00—Pinkerton's Man
4.30—Running Jump
5.00—Arapahos **

BEVERLEY
2.15—Double Bill
2.45—Our Foxbar
3.15—My Anastasia
3.45—Flurry Knox *
4.15—Gold Loom

TV/Radio

† Indicates programme in black and white.

BBC 1

6.40 a.m. Open University. 9.38 For Schools, Colleges. 10.45 You and Me. 11.05 For Schools, Colleges. 12.15 p.m. Ar Glawr. 12.45 News. 1.00 Pebble Mill. 1.45 How Do You Do? 2.05 For Schools, Colleges. 3.00 Equestrian Cross-Country. 3.53 Regional News for England (except London). 3.55 Play School. As BBC 2 11.00 a.m. 4.20 Scooby Doo. 4.40 Potter's Picture Palace. 5.05 Horses Galore. 5.35 Magic Roundabout. 5.40 News.

5.55 Nationwide (London and South East only).
6.20 Nationwide.
7.00 Tom and Jerry.
7.10 The Wonderful World of Disney.
8.00 It's a Knockout.
9.00 News.
9.25 Petrocelli.
10.15 To-night.
10.45 News.
10.46 The Late Film: "Stavisky."
12.40 a.m. Weather.

All regions as BBC 1 except at the following times:

Wales—1.43-2.00 p.m. Bys a Bawd. 5.55-6.20 Wales To-day. 7.00 Heddiw. 7.25 Cartoon. 7.30-8.00 Glas y Dorlan. 10.15 Kane on Friday. 10.45-10.46 News for Wales. 12.40 a.m. Weather.

Scotland—5.55-6.20 p.m. Reporting Scotland. 7.00-7.10 Party Political Broadcast by the Scottish Conservative Party. 10.15 The Beechgrove Garden. 10.45-10.46 News for Scotland. 12.40 a.m. Weather.

Northern Ireland — 3.53-3.55 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 Jack High. 10.45-10.46 News for Northern Ireland. 12.40 a.m. Weather.

England—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands To-day (Birmingham); Nationwide (London and South East); Points West (Bristol); South To-day (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich) Newscue: Midlands (Birmingham) Gardens of Delight; North (Leeds) Lifelines; North East (Newcastle) The Friendly Invaders; North West (Manchester) Sense of Place; South (Southampton) Avo Gurkhali!; South West (Plymouth) Peninsula: Two Men and a Boat; West (Bristol) The History Makers.

BBC 2

6.40 a.m. Open University.
11.00 Play School.
4.55 p.m. Open University.
7.00 News on 2 Headlines.
7.05 That's the Way the Money Goes.
7.30 Newsday.
8.10 Heads and Tales.
8.25 The Money Programme.
9.00 Ripping Yarns.
9.30 Inside Story.
10.20 Portrait.
10.45 Late News on 2.
10.55 Snooker.
11.45 Close: Georgine Anderson reads "Lonely Love" by Edmund Blunden.

LONDON

9.30 a.m. Schools Programmes. 12.00 The Learning Tree. 12.10 p.m. Pipkins. 12.30 Andy's Party. 1.00 News. 1.20 Help! 1.30 Beryl's Lot. 2.00 Money-Go-Round. †2.25 Friday Matinee: "Carnival." 4.15 Four Idle Hands. 4.45 Magpie. 5.15 Emmerdale Farm.
5.45 News.
6.00 Thames at 6.
6.35 Crossroads.
7.00 Winner Takes All.
7.30 The Many Wives of Patrick.
8.00 Hawaii Five-O.
9.00 People Like Us.
10.00 News.
10.30 Police 5.
10.40 Russell Harty.
11.40 How to Stay Alive.
12.10 a.m. George Hamilton IV.
12.40 Close: Poem for Save the Children Week read by Gillian Bailey.

All IBA Regions as London except at the following times:—

ANGLIA

1.25 p.m. Anglia News. 2.25 Friday Film Matinee: "Jolson Sings Again." 5.15 Chatterbox. 6.00 About Anglia. 8.00 Danger in Paradise. 10.30 Probe. 11.00 McCloud. 12.40 a.m. Men Who Matter.

ATV

1.20 p.m. ATV Newsdesk. 1.30 Paint Along with Nancy. 2.25 Movie Matinee: "Top of the Form." 3.50 The Sullivans. 5.15 The Squirrels. 6.00 ATV Today. 7.30 Rafferty. 8.30 Cuckoo Waltz. 10.30 The Best Seller Movie: "Return to Peyton Place."

BORDER

†1.20 p.m. Border News. 2.25 Matinee: "The End of the Affair." 5.15 The Partridge Family. 8.00 Quincy. 10.30 Conservative Party Political Broadcast. 10.40 Springsport. 11.10 Late Night Film: "Woman Without a Face." 12.50 a.m. Border News Summary and Weather.

CHANNEL

1.18 p.m. Channel Lunchtime News. 2.25 The Friday Matinee: "Queen of the Stardust Ballroom." 5.15 Emmerdale Farm. 6.00 Report at Six. 8.00 Quincy. 10.28 Channel Late News and Weather. 10.35 Late with Danton. 10.50 Late Night Movie: "Licensed to Kill." 12.30 a.m. News and Weather in French.

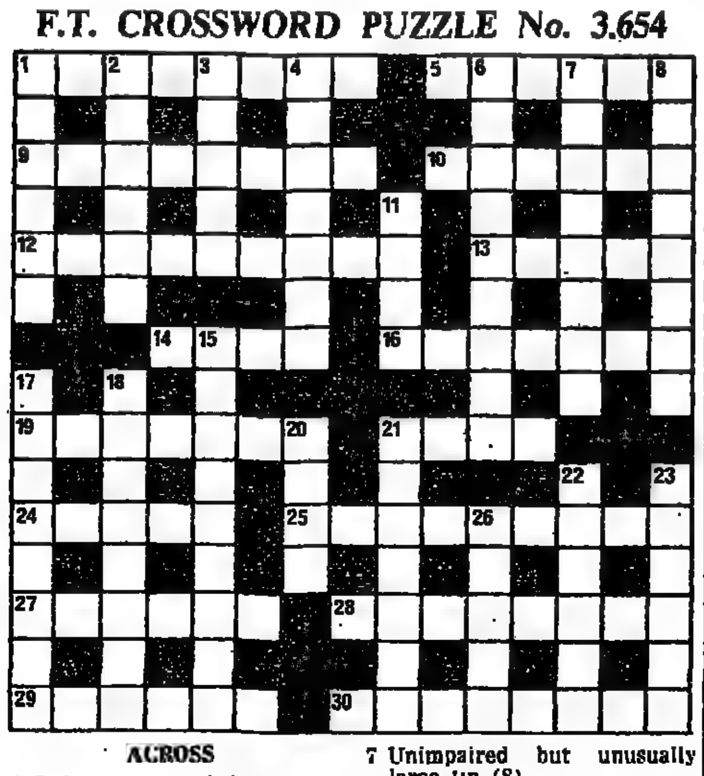
GRAMPIAN

1.20 p.m. Grampian News Headlines. †2.25 Friday Matinee: "Catherine the Great." 6.00 Grampian Today. 7.30 The Jim MacLeod Show. 8.00 Quincy. 10.30 Conservative Party Political Broadcast. 10.40 Reflections. 10.45 Points North. 11.45 Day Return to Oxford.

GRANADA

1.20 p.m. This is Your Right. 1.30 The Amazing World of Kreskin. 2.25 Friday Matinee: "The Truth About Spring."

F.T. CROSSWORD PUZZLE No. 3,654



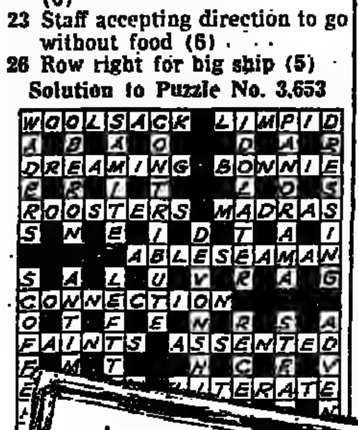
ACROSS

1 Judge a musical instrument (8)
5 Joint left in condiment (6)
9 Turbulently upset slim Tory (8)
10 Quote work backwards, it is a form of justice (6)
12 Listens in genuine practice (9)
13 Fire used in cooking lesson (5)
14 Young girl left with fool (4)
16 Smirk from sullen star (7)
19 Bank of stones to climb with broken leg (7)
21 Hold down Oriental in wood (4)
24 I'm taking time for reflection (5)
25 Remember about prayer (9)
27 Dread a railway being exhausted (6)
28 The total sales of pastry (8)
29 Compass without cover (6)
30 Fruit supplier may tear peer apart (4, 4)

DOWN

1 Go and haunt (6)
2 Fool he follows in dress (6)
3 Dance and drink to a certain degree (5)
4 Joins up but listens badly (7)
6 Stipulation to supply food (9)
7 Unimpaired but unusually large tin (8)
8 Went beyond the limit and surpassed (8)
11 Tobacco to advertise repeatedly (4)
15 Support for fish club (5-4)
17 Sound of breathing like a buccaneer (8)
18 Fibre used for bulbs (8)
20 Nobleman left following flap (4)
21 Imagine old northerner on river (7)
22 Loom we declare positively (6)
23 Staff accepting direction to go without food (6)
26 Row right for big ship (5)

Solution to Puzzle No. 3,653



ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the box office.

OPERA & BALLET

THEATRES

CINEMAS

Cinema

Anything for a laugh by NIGEL ANDREWS

The World's Greatest Lover (A) Odeon Kensington, Scene 3, Studio 1
Oh God (A) Warner West End, Scene, Classic Oxford St., ABCs Bayswater and Fulham Rd.
Herbie Goes to Monte Carlo (U) Odeon St. Martin's Lane
The White Wall ICA

The best of a middling trio of comedies this week is Gene Wilder's *The World's Greatest Lover*. Wilder, the shock-haired pixillated comic actor who gave Mel Brooks' early films their best moments, had one earlier stab at writing and directing his own movie in the *Adventures of Sherlock Holmes' Smarter Brother*. That, unfortunately, was a stab with a blunt instrument, Wilder's talent behind the camera proving considerably less well-honed than has flair in front of it. But experience has told, and this Rudolph Valentino parody is an improvement: erratic, and carrying too much weight around the middle (like so many movie spoofs, its ideal length would be an unprogrammable 60 minutes), but with enough bravura lunacy at the edges to keep one entertained.

The year is 1926. Wilder plays a failed Milwaukee baker who throws in his apron one day and decides to go to Hollywood to screen-test for a big studio searching for "the world's greatest lover." The said studio is run by a coiffed and moustachioed Don DeLuise (of *Twelve Chairs* and *Silent Movie* fame), giving another matchless display of high-handed, epicene paranoia. Also among those present, moonlighting in and out of Wilder's life and enjoying secret assignations with Valentino himself, is his wife (Carol Kane), a timid girl swept up by delusions of Romance.

The film's funniest sequence recounts Mr. and Mrs. Wilder's stay in a luxury Hollywood hotel. Ushered into the most palatial suite by a manager (Fritz Feld) mistakenly believing his guests to be *bona fide* stars, Wilder loses no time (with the aid of an overflowing bath) in turning the sunken living-room into a sunken pool. After sundry alarms and excursions with visitors and chambermaids, we cut to a head waiter standing by a dining-table directly beneath. He snaps his fingers for water: pause: then the ceiling opens in answer to his command. Wilder's touch and timing are so sure here that one is frustrated by his inability to sustain them elsewhere. There is too much knockabout spoofing of early Hollywood (already done to death in *Nickelodeon*, *Hollywood Cowboy* and their ilk) and too much of Wilder's own funny-in-moderation spasms of beet-root-faced hysteria. But the improvement on his first film is substantial enough to whet one's appetite for the third.

★

Oh God! whets one's appetite for little except an early departure. This is a one-idea comedy in which not even the one idea is funny. It is that God visits the world in the guise of George Burns. The witness of this epiphany is a young assistant manager at a supermarket, played by John Denver. His attempts to convince the world of God's appearance cue in some arch religious comedy in which we are left more than a little bewildered as to whether we should be taking the film's evangelistic thrust seriously or not.

The Books Page is on Page 37

The director Carl Reiner, once made a raw, funny, New-York-crazy comedy called *Where's Poppa?* The comic energy he invested in that tale of mayhem and mother-love in Manhattan seems to have used up most of his resources. The good lines in this film can be counted on the fingers of one hand (counselling discretion when it comes to self-publicity, Burns says to Denver, "Even Moses didn't give his last name"), and the fingers of the other will suffice for the good performances. A host of illustrious supporting players—Donald Pleasence, Barry Sullivan, Ralph Bellamy, Dinah Shore—come and go to no effect at all, and even Paul Sorvino's performance as a venal hot-gospeller, wrapping his tongue around some ringing Billy Graham vowels, is pyrotechnic rather than funny.

By contrast the three stars—Burns, Denver and Teri Garr as Denver's wife — all deserve awards for comic resource beyond the call of duty. Teri Garr has a winning line in piquant hysteria; Burns's gravelled, deadpan voice gives his one-liners an air of style even when they have none; and folk singer John Denver, fresh from strumming the open-air virtues of the American midwest, contributes a nicely-rounded portrait of bewildered, bespectacled innocence.

★

Devotees of Herbie the magic Volkswagen will lose no time in visiting *Herbie Goes To Monte Carlo*. The film wraps one plot strand (will Herbie win the Monte Carlo rally?) around another (will two diamond thieves recover the jewel they have secreted in Herbie's fuel tank?) so as to give it a double-strength comic appeal, and the special effects are primitive but lively. On hand to compete with the scene-stealing exploits of Herbie himself—which include flapping his bonnet when in a rage and fluttering his headlamps when attracted by a lady automobile—are stars Dean Jones, Don Knotts, Julie Sommars and Roy Kinnear.

★

Stig Bjorkman's *The White Wall* is a drab slab of Swedish angst unaccountably brought to the ICA by Derek Hill. I keep trumpeting the fact that Derek Hill is London's most adventurous film exhibitor, but I'm afraid he is going through an eccentric phase at present. I cannot send you to this any more than I could send you to his last week's offering, *Improperly Dressed*. It is the kind of film that has given Swedish "art cinema" a bad, or at least a forbidding, name: lashings of depression and introspection, much glum outspokenness about sex and age and loneliness, and a cast in which every face (particularly the heroine's) seems constantly to be on the point of cracking apart with pain.

The said heroine, played by ex-Bergmanite Harriet Anderson, is a lonely, separated wife living alone with her child. We watch her seek emotional consolation, and fail to find it, in the arms of sundry men and in the friendship of other women. The film compounds the hangdog, one-dimensional realism of its story-telling with the almost insultingly formulary characterisation of its heroine. Miss Andersson does what she can with the role, but the character is not so much a person as a purpose-built Everywoman: programmed with the film's disenchantment at modern society, male chauvinism, bureaucratic indifference and all the other modish and well-travelled areas of contemporary grievance.

Carol Kane and Gene Wilder

★

Finally, and contrastingly, more good news from the provinces. A new full-time regional film theatre opens at Cinema City in Norwich on April 29. The opening presentation is Joseph Losey's *Mr. Klein*, introduced by the director himself, and the ensuing May programme offers as good a repertory of films as one would find anywhere in or outside London. Among the star attractions are Scorsese's *Mean Streets*, Altman's *Thieves Like Us*, Powell's *Peeping Tom*, Tonino Valerii's *My Name Is Nobody* and an appetising season of Dietrich/Von Sternberg films.

Stratford, E.15

Sisters by MICHAEL COVENEY

Tom McGrath's play is a dramatic epitaph for three East London girls—one white, one West Indian, one Pakistani—projected through several differently focussed lenses. The majority of the writing is vital, sensitive and uproariously funny. But there is a fatal touch of schematic "winding-up" in the second half, where the initially effective comic device of a do-gooding careers officer, handing out pamphlets about jobs in banking and hairdressing, is extended to incorporate the role of a devouring fortune-teller. The girls, swamped in a red tent, have their illusions destroyed and their status as no-hopers gratuitously reinforced.

This feminist gloss on the proceedings may be defensible intellectually but, as theatre, it is deadly. The great strength of the play's first half is its reluctance to be trapped in ideological corners, its freshness of dialogue, its delightful observation of pimply teenagers edging towards each other across the floor of a deserted discothèque and the ludicrous, trouser-tugging braggadocio of Tim Stern as a bespectacled jerk with everything to lose. With everyone on stage bursting to sacrifice his virginity, there seems little time to spare for higher matters and carefully-phrased analysis.

But, unfortunately, that time is found, and at the expense of the real juice. Although the three girls — powerfully and movingly played by Deborah Findlay, Marsha Millar and Josephine Welcome—articulate their plight graphically within the imposed framework, their problems assume a general tone of inflection that compares weakly with the detail of their playground pact and their yearning for real experience in an environment of deprivation. The scaffolding and colourful murals of Jenny Tiramani's design prove an incongruous background to political speechifying.

Deborah Findlay, Marsha Millar and Josephine Welcome

In parts, the direction of Clare Venables and Jonathan Chadwick is excellent. But the play lacks the accumulative concentration of Mr. McGrath's *The Hardman*, in which the disintegration of an imprisoned thug was set against a Glasgow backdrop of refined realism. That said, I believe that the author is a playwright of immense potential and that the Theatre Royal has given a good airing to a genuine talent.

Arts news in brief

A co-operative jazz concert which has no financial backing will be presented at the 100 Club, Oxford Street on Bank Holiday Monday, May 1.

The line-up is EDQ, comprising Jon Dean, Keith Tippett, Louis Moholo, and Chris Laurence, and the Mike Osborne Quintet, with Jeff Green, Peter Nykyruj, Tim Pharoah, and Dave Holdsworth.

The doors open at 7.45 p.m. Admission is £1.75.

★

Paddington Press have been awarded The Allen Lane Award for The Best Publisher of the Year for 1977, given in memory of Sir Allen Lane by Bristol Literary Dinners.

The judges for the award were Martyn Goff, Director of the National Book League, J. W. Lambert, and Brooke Crutchley.

★

Sir Ralph Richardson heads the cast in *Alice's Boys*, a new play with an espionage background by Felicity Browne and Jonathan Hales, which will open at the Savoy Theatre on May 10.

Düsseldorfer Kammerspiele

Two Acts for Five Women

by RONALD HOLLOWAY

Women's Lib received a boost this month at the German première of Björg Vik's *Two Acts for Five Women* at the Düsseldorfer Kammerspiele. It wasn't so much the theme as the play itself, winner of the Norwegian Literature Critics Prize in 1974 and a popular success on the Oslo stage for five seasons now. The lay swiftly became a hit throughout Scandinavia, was produced in New York, and partially adapted in 1975 into a film, Anja Breien's *Wives*, which in turn signalled a trend toward social and political semi-documentary features in Norway.

Zwei Akte für fünf Frauen arrived in West Germany through the graces of the private theatre, not the subsidised houses which remain with the classics, like Ibsen's *A Doll's House*, when it comes to sticky *contemporary issues*. The Kammerspiele in Düsseldorf is one of those oases where Tennessee Williams, Peter Hacks, Edward Albee and Fernando Arrabal mix with pungent comedies and high-level boulevard to win a modest but faithful public. Vik's *Five Women* came to Intendant Peter Thomas's attention simply by virtue of the drama's popularity at home and abroad.

But there was another reason: the possibility of five women on stage throughout two acts in uninterrupted dialogue about women, men, children, marriage, and fidelity, directed and staged (Helga Op gen Orth and Margareta Ruijgrok) by women to boot. That may appear to be a tick—but at the Berlin Film Festival last February no less than 30 women directors presented films on more or less the same subject matter, all vying to say something new about a theme that is doomed to repeat itself in so many vital areas of concern. The charm and strength of Björg Vik's *Two Acts for Five Women* is that she said everything first and stated her case twice as well as anyone on the German scene.

Five Women, a grand-daughter of Ibsen's *Nora*, draws upon a mainstream of Scandinavian literary and cultural life for its depth and impact. It is remarkably similar to Ingmar Bergman's 1952 film, *Waiting Women* (also known as *Secrets of Women*), perhaps the most significant of his early explorations of female psychology. Here, five women are also drawn together into a circle, four wives waiting in the archipelago for their business-men husbands to join them from Stockholm (three of whom tell stories about crises in their marriages) and a fifth preparing to elope who looks with disdain on the corrupted ideals of the others.

Vik's five women—Hanna (Dagmar Soerensen), Ellinor (Ilona Wiedem), Anne-Sofie (Dorothea Moritz), Lilleba (Ursula Bredin), and Gry (Angela Pschigoda)—come together for different reasons: the group were school companions and they meet casually once a year for old times' sake. This encounter, however, is crucial, as they are all 40 now and ready to admit things openly, secrets hidden from as far back as childhood and safeguarded even from friends. The first act is comic, the second tragic.

In the Scandinavian tradition, the day extends into a night of despair as one revelation leads to another and the women began to attack each other's cherished illusions. The Düsseldorf production appeared shortly after Easter, an appropriate time, for this is a Passion of sorts. Each woman admits and learns something about herself, adjusts to the truth as much as she can, and cages the vampire in the soul for the time being. One discovers that her husband is not the saint she preferred; another faces the reality of her divorce; a third admits to the necessity of a lover; a fourth decides not to go through a fifth pregnancy; a fifth, unmarried, confesses to bitter loneliness. Dagmar Soerensen's divorcee and Dorothea Moritz's unfaithful wife bring that extra to prevent a precarious production from dipping into the sentimental and the maudlin.

Arts Council allocations

The full extent of the Arts Council's help for the arts in the U.K. was revealed yesterday when it published a breakdown of its 1978-79 support. In all it has an allocation of £50.6m., which is roughly a 21 per cent. increase on 1977-78. The biggest percentage rise—39 per cent.—has gone to arts centres and community projects, which are receiving £1.3m. this year.

The main beneficiaries are the national companies who get £12,868,000; drama, £6,958,500; music and dance, £5,280,500; regional arts association, £4,054,500; touring, £3,700,000; art, £2,540,000; and general operational costs, £1,963,000. One danger is that only £450,000 has been left unallocated, a much lower figure than in previous years, and much of this has already been promised to community arts and to Scotland and Wales. So in any unexpected emergency the Arts Council is ill prepared to mount a rescue act.

The first visit of the Royal Ballet to Liverpool for 20 years has been a great success, with all seats sold for this week in the Liverpool Empire which, with 2,600 seats, is larger than Covent Garden. The Arts Council has underwritten the venture to the tune of £100,000. In other news from the council, a grant of £11,000 has been paid to Artlaw Services, a new venture set up by barrister Henry Lydiate which aims to provide a legal advisory service to fine artists.

A.T.

Covent Garden Countess

In the Royal Opera's revival of *Le Nozze di Figaro* opening on April 28 the role of Countess Almaviva will be sung by Celestina Casapietra. Miss Casapietra is Italian but is a member of the Berlin State Opera, East Germany.

Marlowe, Canterbury

The Clapham Wonder

It's one of Sandy Wilson's merits that he never changes his style. Let others try in vain to ape American musicals; Sandy Wilson will go on with his intimate romances, laced with songs in a post-Novello vein. Time's passing is detectable only in the increasingly macabre topics he chooses for his plots. Last time it was an adaptation of John Collier's *His Monkey Wife*, about marriage to an ape. Now we have an adaptation of Barbara Comyn's novel *The Vet's Daughter*, about a girl who dies levitating on Clapham Common in a wedding dress.

And what we need next is an adaptation of Sandy Wilson's *The Clapham Wonder* in which he can try to forget the details of the novel and use the fundamental plot in a story that is more truly theatrical. For an act and a half, Mr. Wilson shows us no more than a conventional piece about a poor girl in London with a bullying father, a dying mother, a nasty stepmother, a romantic lover unachieved, a boring lover achievable but not made. Poor, naive Alice begins levitating at moments emotional crisis, but her talent has no effect on the plot until late in Act 2, she does it in front of her father and he arranges a public showing that proves fatal.

I don't mean to be unkind, but my feeling about *The Clapham Wonder* is that there is nothing wrong with it that a total rewrite wouldn't correct. I mean this quite seriously. Levitation is much too important a thing to be tucked into a corner as Wilson has it. Let pretty [...] Todd, who is most appealing [as] Alice and sings enchantin[gly,] hitch herself to a Kirby wire [and] levitate in front of us, eve[n] only with the lights down; let this uncanny ability of [hers] serve to infuse an appropria[tely] weird atmosphere around [her] when required. I know that [in] the play's present form, Ali[ce's] sweet ordinariness is part of [the] picture; but to my m[ind,] although this may do in a no[vel,] it won't work on the stage.

There are some happy song[s in] the familiar Wilson man[ner.] Occasionally there are ind[ica]tions that the vein is runn[ing] dry: and certainly some of [the] songs are dragged in—like so[me] of the peripheral character[s—] without much justification. [A] big production number [in] Harrod's won't do. There sho[uld] be more convincing use of [the] chorus, whose appearance se[ems] apt only twice, in a skat[ing] waltz and in the final debacle.

David Carson is the direc[tor,] Fiona Mathers the designer, [and] Colin Sell, the musical direc[tor,] makes music with a five-pi[ece] band in the pit. There [is] attractive playing by A[...] Dobson as Alice's barmaid-p[ro]curess-stepmother and Art[...] White as her bullying We[...] father, and Richard Griggs, appropriately glamorous as [the] golden-haired sailor lover, w[ho] on being given a private levitat[ion] session, says "It's horrible!" [and] leaves her for ever.

B. A. YOU[...]

Wigmore Hall

Student Recordings

The Student Recording Scheme was launched experimentally three years ago by the record producer Mark Sutton to give outstanding final-year students from the four London music colleges the opportunity of making a professionally-produced 20-minute programme tape of their own playing, at no cost to themselves, which they could use for their own purposes as an audible "brochure."

Free tape was supplied by EMI, and the experiment was successful enough in its early stages to attract charitable support. In 1976 EMI increased its own support by offering to sponsor an annual recital for the student whose performance on tape was judged the best out of the 30 students taking part. The joint winners in that first year were the pianist Kumiko Udagawa and the Coull String Quartet. This year the winners were again jointly a pianist and a string quartet: Francis Eagar, an RCM student from South Africa, and the latest young Griller quartet from the RAM, the Bochmann Quartet.

Neither, I should say, on the evidence of their shared recital on Wednesday, is destined very quickly for stardom. Miss Eagar and the Bochmann ensemble are rather all of them very worthy and promising young players who should ideally work and wait for several more ye[ars] before appearing on the m[ore] distinguished London solo p[lat]forms. Miss Eagar especia[lly,] whose performances of Be[et]hoven's sonata op. 109 and Pro[ko]fiev's sonata no. 3 show[ed] unmistakable talent: but w[ere] shot through with, and ev[en]tually shot down by, bad p[er]form nerves, and by m[...] evidently insufficient or shal[low] technical working. The Bo[ch]mann's account, too, of Hayd[n's] G major op. 54 no. 1 had moments of disarming (if [not] always very penetrating) fre[sh]ness: but here again much clo[ser] working was called for—m[ore] variety of colour, and subtl[ety] and independence of coun[ter]point, before the music is re[ally] ready for the stage.

Confirmation, maybe, of so[me]thing we already knew: that [the] musician who can play calm[ly] and well in front of a stu[dio] microphone is not by any me[ans] necessarily the one who w[ill] play best, as real music is b[est] made in front of real people, [on] stage, on the night. In its pro[per] context the Student Record[ing] Scheme is self-evidently an [im]portant and valuable vent[ure.] But to present performers [in] public recital purely on [the] basis of tape-recorded [...] another matter entirely, and [a] gimmick. Live players must [be] selected live.

DOMINIC G[...]

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Mr. Healey's chestnuts

THE APPARENTLY absurd position which has arisen in the House of Commons, with the Opposition proposing one alternative budget, and the minuscule Liberal part a second, could in fact result in a substantial improvement on Mr. Healey's official proposals. The real absurdity is not that the Government should be unable to carry its own proposals, but that it should to some extent deliberately have put up proposals that cry out for amendment.

Few incentives

Mr. Healey has more than once spoken sensibly and encouragingly about the need to restore incentives for middle management, and reduce the punitive top tax rates on earned income, but he has chosen to do next to nothing. He was well aware that the Liberals could count on Conservative support in an effort to turn his own words into deeds. One may suspect that he thought it easier to leave this job to the Opposition than to offend the prejudices of his own left-wing and trade union supporters by being as good as his word.

As the Confederation of British Industry has pointed out, the apparent concessions to higher-rate taxpayers in Mr. Healey's proposals were hardly even a step in the right direction. Inflation has so far devalued the incomes contained in the various tax bands that the revisions proposed, combined with the tapering off of child tax allowances, have left most higher-rate payers worse off in real terms than before, and the cash payments received by way of child benefit are inadequate compensation at these income levels.

The proposed taxation of high incomes is heavier in real terms than it was at the peak of the fiscal squeeze two years ago, and very much heavier than the burden imposed by Mr. Healey in 1974, in a declaredly partisan effort to "make the pips squeak." The growth of avoidance, evasion, and tax emigration are the most visible results of this short-sighted egalitarianism, which has compressed after-tax earnings differentials a good deal further than any Communist regime has cared to go. Demoralisation and reluctance to take risks impose the much heavier real cost.

A still greater absurdity is that the cost of correcting these past policy errors is almost trivial. The Liberal proposal, which would raise the threshold for higher tax at 40 per cent. to £8,000, and achieve a top rate of 70 per cent. (as opposed to the present 83 per cent.) at £17,500 is a step towards the kind of tax structure which is normal in other countries (though the top rate would still be abnormally high). The cost is put at £210m., just over the cost of reducing the standard rate by ½p (and it is quite likely that the true cost would be very much less, since the incentive for avoidance and emigration would be so much reduced. In the longer run the incentive effect should show the revenue a substantial profit).

Lower down the scale, the opposition is split about whether to favour a 1p or a 2p reduction in the standard tax rate. In either case the gesture is to some extent symbolic. It underlines Mr. Healey's mistake in choosing a strategy which has not reduced the marginal tax rate—the operative one for incentives—for anyone except a small class of low earners; but there is no fiscal room this year for a worthwhile reduction.

Indirect tax

Indeed, the financial markets have already made it clear that any further net reflation would be totally irresponsible; the cost of any amendments must be recouped. The Liberals appear to have accepted this point, but their proposal to throw the burden on to employers' insurance contributions is not helpful at a time of high unemployment. The Conservative proposal to finance part of their own more modest idea by cutting the funds allocated to the NEB is beside the point: the Budget is concerned with resources as well as financial transactions. The cost should be borne by indirect tax—preferably the revenue duties, especially on petrol and tobacco, which have fallen in real value. If the Opposition is joining in Budget-making, it must have the fiscal courage of its convictions.

Steel makers on trust

THE DOCUMENT the Steel Corporation has sent to MPs describing the background to the Bill proposing a £1½bn. increase in its borrowing limit to £5½bn. makes no attempt to disguise the precariousness of the corporation's financial position. It freely acknowledges that the present rate of loss is not compatible with the survival of the business in its present form. Last year's loss is now put at £440m. but no firm forecast is offered for the present year. The figure of £400m. projected for the purpose of fixing BSC's cash limit was based upon assumptions about inflation, interest rates, steel demand, the absence of major industrial disputes, and other factors: it could easily be upset especially if it turns out that the world steel recession has not yet reached bottom.

Looking five years ahead, BSC is assuming a growth in GDP averaging about 2½ per cent. a year, which could point to a 1-1½ per cent. annual increase in U.K. steel demand, and it is hoping to hold on to or possibly improve its market share. But, even on this basis, the corporation does not expect to generate from its own resources more than about a sixth of its financing requirements. At best, the proportion could be as high as a quarter; on BSC's most pessimistic demand estimates, cash flow could be negative.

Priorities

The finances of most of the world's other leading steel makers may also have been savaged by the recession. But BSC's difficulties are compounded by deep-rooted problems of obsolete capacity and low productivity; and, even though its investment has been halved to about £500m. annually, it is still spending proportionately more than other comparable steel companies. In the document, the corporation gives further details of its revised investment priorities. Apart from completing the major schemes which are already substantially under way, such as those at Redcar and Ravenscraig, and schemes designed to bring about a better balance between BSC's steel melting and finishing facilities, the main priorities now are product quality and cost reduction.

Investment alone will not make BSC profitable again. It currently has an effective manned steel making capacity of some 22m. tonnes a year, before counting the 5½m. tonnes of additional capacity due to come on stream in the next three years, as against a sales projection over the same period ranging between 18m. and 22m. tonnes a year. So there must be a continuing programme of closures of old high cost plants, including those covered by the Beswick review. Output per man is substantially below the levels attained by BSC's competitors (the West German figure alone is 50 per cent. higher). Both viability and the scope for higher real earnings in the industry will therefore depend upon a major improvement in productivity at existing plants, the attainment of international manning levels at new plants and the absence of disputes and other interruptions to sustained and continuous operation.

Justify

As a management objective, BSC has set itself the task of reaching break-even point in two years' time. This is contingent not only upon realistic progress in cost reduction but also upon BSC's present assumptions about steel demand and prices and the continuation of the EEC's "orderly marketing arrangements." On the same basis, the £1½bn. increase in its borrowing limit should suffice for the next three years. Later on — given a financial reconstruction — the corporation could expect to make sufficient profit to start paying deferred dividends on the capital funds the Government is now providing under the Iron and Steel Act. This is the best prospectus BSC, and by implication the Government, can presently offer. A very great deal now rests upon those who work in the steel industry to justify the nation's continuing support.

Chrysler has more grip, but still a long way from home

BY TERRY DODSWORTH and RICHARD LAMBERT

IN THE FIRST quarter of this year, Chrysler U.K. has made its first profits since the Government rescue got underway in January 1976. The return was minimal—£264,000 after tax—but it has prompted Chrysler to predict a profit for the whole of this year after its disastrous £21.5m. loss in 1977. Mr. Gilbert Hunt, Chrysler's U.K. chairman, says that the foundations have now been laid for a "successful, continuing company."

The fact remains, however, that Chrysler is still a long way from home. Although the main burden of its losses last year was due to labour disputes, the company continues to display the weaknesses of a small business operating in an industry where large volumes count. Chrysler's production facilities in Britain remain geared essentially to U.K. market demand, despite its efforts to move towards a European scale of operation combined with its French (Simca) and Spanish (Barreiros) sister companies. By contrast, Ford U.K., which is much more fully integrated with the rest of the group's European organisation, was able to declare profits of £246m. last year.

The challenge now facing Chrysler is to move to a similar European dimension while generating enough cash from its own resources to help fund the new model range. For the next two years, at any rate, this target should be within reach. Capital spending is currently running at roughly £20m. a year, and is effectively being financed out of medium-term loans which were made available by the Government under the terms of the rescue package in 1975. The plan is that working capital requirements—a little under £10m. in 1977—will be financed out of Chrysler's own cash flow, and that is well within reach given an annual depreciation and amortisation provision of nearly £10m. There will be no trouble with the taxman, since there is a cool £80m. of unutilised losses to set off against any future trading profits.

In addition, Chrysler still has a substantial cushion against unforeseen setbacks in the current year and 1979. The Government and the parent Chrysler Corporation have each undertaken to fund one-half of any losses up to a maximum of £15m. in 1978 and of £10m. in 1979. And Chrysler thinks that the market background looks healthy over that period—it has modified its original projection of a dip in demand during 1979.

So provided that it can get a reasonable level of production, Chrysler is not going to have to look for any new sources of funds over the next couple of years. Given the appalling trading performance in 1977, this is a measure of the generosity of the refinancing terms in 1975. All the same, the company will retain formidable financial gearing, with a tiny equity base supporting a mountain of debt.

CHRYSLER CORPORATION IN 1977

(millions of dollars)

	U.S.	Canada	Europe	Elsewhere
Total dollar sales	12,749.3	2,971.1	3,720.1	1,406.1
Net earnings	185.0	11.0	10.4	(43.2)
Identifiable asset	4,128.1	713.7	1,959.7	866.7

The net worth of the business, after allowing for the parent company's contribution to last year's losses, currently stands at just £20m. Net bank debt amounts to a bit under £10m., while other borrowings together with deferred liabilities total £83m. Just under two thirds of the latter borrowings are totally repayable within the next five years.

This balance sheet structure would look precarious if Chrysler were an independent company. As a subsidiary of a large multi-national corporation it could be irrelevant—provided that the parent was financially strong and its own business was viable. It is clear that the first part of this proviso, at least, does not apply to Chrysler.

As this week's first quarter statement made clear, Chrysler Corporation is itself going through a period of major financial strain. Losses in the first three months reached nearly $120m., and the group only expects to break even during the remaining nine months of the year. This loss comes at a period when enormous demands are being made on the American vehicle builders to make lighter, more economical and less polluting cars. New legislative requirements hurt Chrysler more than its two larger competitors, General Motors and Ford, which have greater integration and marketing power, can spread fixed costs over a greater volume of units and have lower cost access to capital markets.

By 1985 Chrysler plans to have reduced the average weight of its entire fleet of passenger cars by no less than 30 per cent. But the cost is staggering—capital spending over the next five years is estimated at $7.5bn. This could mean a requirement for very roughly a quarter of a billion dollars of new outside finance a year in this period.

Wall Street is bracing itself for a new issue of preferred stock sooner rather than later—an offering of $50m. to $100m. is widely expected. And it is clear that in the next few years Chrysler is going to be drawing heavily on its unused banking facilities, which currently amount to a little over $1bn.

It is also felt on Wall Street that Chrysler could be trying to divest some its its weaker overseas operations. One of these is the U.K., but Chrysler also has a number of other unprofitable branches which might be lopped off, and which are not protected by a benevolent Government. Indeed, it has done considerable restructuring in this area in the last two years, merging its South African company with a company assembling Japanese cars, selling its 60 per cent. stake in a Turkish truck assembly group, and negotiating to reduce its stake in its loss-making Australian subsidiary.

All of these overseas businesses suffer from similar problems of scale to those which Chrysler has in the U.S. and Europe. They were picked up in the group's hasty bid for multinational status in the 1960s, when markets were buoyant enough to hide the fact that Chrysler was coming late onto the scene and acquiring the more marginal companies. This applies equally to the European business, created from Rootes in Britain, Simca of France, and Barreiros of Spain, none of which controlled as much as 20 per cent. of its domestic market.

CHRYSLER U.K.

(thousands of pounds)

	Turnover	Profits (loss)
1973	372,000	3,724
1974	313,000	(17,734)
1975	351,000	(35,453)
1976	332,000	(42,599)
1977	458,000	(21,472)

Given the weakness of the U.S. parent, these overseas businesses are now going to have to prove their worth on a free-standing basis or go under. But the European group, partly because of the intervention of the U.K. Government in 1975, has the hope of developing different—and better—operating economies than most of Chrysler Corporation's other overseas interests. This is because they are being brought together to form a coordinated manufacturing, financial and marketing group.

Mr. George Lacy, Chrysler U.K.'s managing director, says that the policy of integration is already well advanced. A number of new central appointments have been made, under the umbrella of Chrysler Europe, to bring together functions like manufacturing, finance, product planning and marketing.

Critics believe, however, that the model range is still inadequate for a competitive European company. There are some obvious product weaknesses. Chrysler has no contender in the mini sector, and its big executive-type car, the 180, has proved an expensive flop. But beyond this, the range lacks coherence, particularly in the central family saloon sector of the market.

In this area, Chrysler is selling the Avenger, the Hunter and the Sunbeam (all rear-wheel drive cars), along with the front-wheel drive Alpine and Simca 1100, which are now being joined by the new Horizon model. Although there are differences between the cars in terms both of size and shape (the Avenger and Hunter are conventional shapes, while the others are hatchbacks), they are by no means so neatly segmented as the ranges of manufacturers like Fiat and Ford.

Mr. Lacy argues that the European range is being integrated in the sense that "we sell the same thing everywhere and minimise the number of locations in which we make them." Even so, it would be difficult to justify some of the decisions of the last two years except in terms of a crash rescue programme in the U.K. Why, for example, should Chrysler U.K. have developed the conventional drive hatchback Sunbeam, when Chrysler Simca was designing the similarly-sized front-wheel drive Horizon?

The indications are that the U.K. company's objective was to freshen up the British range with a very cheap model—some estimates have put the Sunbeam's cost at the remarkably low figure of £12m.—sufficiently to pull it through into the 1980s when the full European range will be coming through. By that time, the Ryton plant at Coventry, now producing the Alpine hatchback, will have been expanded to produce a new version of the car with a boot, while the Spanish operation will be making a revised 180 model.

Nevertheless, the cost of doing all this will be high. European companies to-day talk of spending about £40m. for a fairly minor facelift, and well over £100m. even on a car which inherits its engine and gearbox. Some of this cost may be offset by sharing development work with the U.S. parent, as on the Horizon, which is basically the same car on both continents. But with vast new expenditure now in train in Europe (Ford for example, is sending £1bn. in the U.K. alone over five years, and Fiat £1.25bn. on its European car operations), Chrysler will be hard put to get by with moderate and cheaply-produced products like the Sunbeam.

Part of the Chrysler range: the Sunbeam (top), the Alpine and the French-built Horizon (bottom).

So it is going to need a lot of goodwill and more than a little luck to achieve its targets. The key rests in the Linwood plant, which employs 7,800 hourly paid workers and a total of 9,200 out of the overall workforce of 23,000. This week's annual report lays most of the blame for 1977's losses at this door: the "two major factors" were the delay in introducing a second shift at Linwood which led to a five-month hold-up in the launch of the Sunbeam, and the inability of the Linwood plant to meet production targets during the year.

Chrysler says that since January productivity has been improving throughout the group, and especially at Linwood. This is what has pulled the company back into the black, and the trend seems to be improving. But as the House of Commons' Expenditure Committee's report on Chrysler stressed in 1976, the company "must be able not only to show profits but to be able to generate sufficient funds after 1979 to finance a continuing model programme as well as repay their loan." At the peak, Government loans to the company could reach £55m. (of which £28m. has been advanced to date) and there is a further £35m. of clearing bank lending guaranteed by the Government and Chrysler Corporation.

The Committee did not think that Chrysler would be able to generate such funds, and it suggested that there might then be pressure on the Government to convert its loans into equity. Chrysler says that it has no need and no wish to have the Government as a shareholder, and the Government in turn has repeatedly stated that it has no intention of providing any more help. But it has to be said that, so far at least, the data from which the Expenditure Committee drew its conclusions has all erred on the optimistic side.

MEN AND MATTERS

Bank inspectoress

"The most powerful woman in New York" is how Ms. Muriel Siebert was presented to me, and there is some justification in that. Back in New York State she has to regulate banks with deposits of $400bn. As if that were not enough she is now in London seeing how her inspectors control the $25bn. which U.S. banks have here.

As Superintendent of Banks in New York State she has been leading attempts to change tax laws so that New York banks can stop setting up what she calls "shadow branches" in Nassau, the Grand Caymans and the Bahamas and bring the business to the city.

"I am not surprised when you look at the Life Peers they appointed!" —

She thinks this could create nearly 2,000 new banking jobs in New York. When I asked her about the gloomy picture of the health of U.S. banks as portrayed in the novel "The Crash of 1979" she told me that some of the buildings against which banks had lent money were filling up and insisted that the system was strong enough to absorb such disasters as a recent bank failure in Puerto Rico. She herself has 400 examiners, whose $13.5m. budget is paid for by the banks.

Ms. Siebert was the first woman member of the New York Stock Exchange, has made the Greater New York Council of the Boy Scouts of America "co-ed" (though she says she does not don the traditional shorts) and is the first woman to hold her present post. She has been encouraging public groups to attend her committee's hearings though says she has had some flak from the banks for her inquiries into banks' refusals to offer mortgages in certain areas. The local Press calls this refusal "red-lining." She is also following attempts to bring "usury ceilings" for small homes into line with existing rates. Little wonder that she says she cannot find a week-end to complete her training for a pilot's licence.

In for the krill

Our beleaguered trawler captains in Hull and Grimsby might well be following Captain Scott if the South Atlantic Fisheries Committee has its way. The committee yesterday sought government assistance for a £1.6m. survey of the area. "Vast fish resources" they say though sadly they comment that the waters round the British isles of St. Helena, Ascension and Tristan da Cunha contain tropical oceanic fish "not readily marketable in the United Kingdom."

Instead they tell us in hardly mouth-watering prose that probably krill—a small shrimp—"will be most successfully marketed for human consumption as reconstituted prawn or shrimp bound with a gelling agent."

Port watch

To-day could be fateful for The Port. This is a rare newspaper in that it sets out to act as a bridge between employers and unions—in this case, between the Port of London Authority and the dockers. But an austerity drive has led PLA Chairman John Cuckney to propose cutting the £81,000 subsidy which it receives each year by merging it with the PLA's house organ, Polanews. This costs the PLA £20,000 per year and the plan is to be discussed with the journalists to-day.

PLA spokesman Geoffrey Morgan told me yesterday that The Port, which now has a circulation of 10,000, had done a "tremendous job" in the 10 years it has been printed, both in helping labour relations and in preventing the circulation of "misleading broadsheets put out by odd unions or scurrilous groups."

The National Association of Local Government Officers is against the merger. It does not want its members on Polanews taking orders from outsiders, in other words from the journalists on The Port. One of these fears that the aim is to "tame" The Port, though the PLA insists that what is in the balance at the meetings being held to-day is merely the level of PLA subsidy.

Textile promotion

Courtaulds' succession problems for a long way ahead seem to have been solved with the appointment yesterday of 41-year-old Christ Hogg as a deputy chairman. He joins two other deputy chairmen Dr. Norman Wooding (51) and Norman Smith (53) and even if he fails to make the top job in four years' time when Sir Arthur Knight is due to retire at 65, he is strongly placed to emerge eventually as head of Europe's largest textile concerns.

Originally the merchant banker, Hogg was chosen by Ronnie Ghierson to join the small team which launched the Industrial Reorganisation Corporation an dhe was widely regarded as one of the ablest of the IRC's bright young men. After his two years' stint there he was picked by the then chairman of Courtaulds and the IRC, Lord Kearton, to join the company.

A fitness enthusiast to be seen frequently cycling to work from his West London home, Hogg has packed a lot of experience into his ten years with Courtaulds, successively looking after paints, packaging, weaving, household textiles and more recently clothing and consumer products.

Settles all

Yankees, Patents, Heinzes, Fido's, Goliaths, rollovers and accumulators—none of these, I am assured, can defeat a new device for Britain's punters. The device, darkly known as the "Settler," has just been put on the market and threatens the one characteristic for which everyone admired bookmakers, their lightning numeracy.

The Settler has been developed by Sinclair Radionics with the help of an ex-professor of mathematics at Oxford University, Bernard Silverman. It competes with a system called Genie—developed 10 years ago, which, in the wonderful world of electronic chips, is about as long ago as Ali Baba lived. But Ladbrokes at least are not impressed. "I should point out to you that our managers are all totally equipped to do the most complex betting calculations in their head," I was told. It seems the Settler—and the punter—has poor odds against such Einsteins.

Observer

POLITICS TO-DAY

Keeping the Schmidt plan's secrets

ANYONE WHO watched Mr. James Callaghan and Chancellor Helmut Schmidt being interviewed on the BBC's *Panorama* programme last Monday evening can scarcely have failed to notice the extreme respect that they showed for each other's views. It was almost as if there had been a mutual agreement to play the statesmen standing united together. And so it seems to have been for the whole of Herr Schmidt's visit. The greatest of pains were taken on both sides not to say anything which might give offence, even when it was plain that agreement was still a long way off.

Perceptive viewers might also ...ve noticed, however, that it ...s all a little too pat. The two ...n were united on the need to be united, but they had yet to ...ree on substance. There were ... or two nuances—for ...mple on exchange rates—...re they appeared to be say...g the same thing, but were in ...ct saying something quite ...fferent. Herr Schmidt, to put ... crudely, wants to stop the ...utschemark going up: Mr. ...laghan wants to preserve his ...dom to allow the £ to go ...wn. This ambiguity again ...eems to have been a characteristic of the visit. At the end ... the day, therefore, the need ...r unity was reinforced, but it ...as agreed only to continue ...udies to see how it might be ...chieved.

It will be remembered that a ...entral objective was to prepare ...r the Economic Summit to be ...eld in Bonn in July and for ...hich a five-point agenda, first ...utlined by Mr. Callaghan, has ...ow been more or less accepted. The five points are: higher growth, greater currency stability, the direction of more long-term capital flows towards aid, energy conservation, and more world trade to prevent protectionism. It is on the first two—growth and currency stability—that Mr. Callaghan and Herr Schmidt still disagree, and indeed it is arguable that they are no closer despite this week's talks. There must also be a question mark over whether it is possible to achieve anything at all on currencies in time for the Bonn meeting. The timescales, in fact, are becoming rather confused.

Degrees of tact

The British view on currencies, expressed with varying degrees of tact, tends to be that Herr Schmidt has thrown a spanner in the works. Mr. Callaghan first heard of the "Schmidt plan" when he went to Bonn on Sunday, March 12, coincidentally the day of the first round of voting in the French elections. He was enjoined to the strictest secrecy on the grounds that Herr Schmidt had still not consulted all his advisers, and certainly Mr. Callaghan appears to have passed on the message to very few of his own. It was made clear, however, that President Valery Giscard d'Estaing of France was in the know, and would be in touch later.

Anyway, the main burden of Herr Schmidt's remarks to Mr. Callaghan on this subject was that the British Prime Minister should go to Washington and discuss the plan with President Carter. Mr. Callaghan had already pencilled in an Easter visit to the U.S., but was not absolutely certain whether to go ahead with it. He agreed to do so, but still without telling more than a handful of advisers—if that—what was going on.

It was after the Washington visit that Mr. Callaghan received a telephone call from Paris, President Giscard having just had a meeting with Chancellor Schmidt. "Why don't," said Giscard, "the three of us get together—you, Helmut and me?" He proposed breakfast at the French Embassy in Copenhagen on Saturday, April 8, the second day of the European Council which was meeting in that city. The breakfast duly took place, but only after the Schmidt plan had been outlined to the Heads of Government of the Nine at dinner the night before. Again there were no advisers present, so Finance Ministers and others could be forgiven for still being in the dark. The one outside presence at the dinner was that of Mr. Roy Jenkins, the president of the European Commission, who recently relaunched the campaign for European monetary union.

At this stage it is necessary to say something of what the Schmidt plan is, though here one is at a disadvantage: it has not been published and one assumes that it must be somewhat more coherent than the rather grudging versions available in London. It appears to consist of three parts. The first would be an enlarged European currency snake bringing in the weaker currencies—perhaps with a larger agreed amount of fluctuation—as well as the stronger. The second would be a partial pooling of European reserves for support operations to keep the snake, or whatever it might then be called, in being. The third would be an arrangement under which settlements between Community central banks would be in European units of account. These would then become a new kind of reserve asset.

Even that bare outline is probably sufficient to hint at the British objections, or at least reservations. When Mr. Callaghan first heard the plan in Bonn, his automatic reaction was that it would be construed as anti-American, even if it was not intended to be so. It would not be wise, he said, to be seen to be building "a defence against the dollar" at the very time when American co-operation was needed, and was being offered, in so many other areas. Besides, Europe itself could do very little. The real remedy to the instability produced by currency flows had to be international.

On the question of new reserve assets, the Prime Minister was rather more receptive, though at a tangent. Discussions here, he said, were already going on, at and around the International Monetary Fund, and he himself intended to play a part in them. Indeed, as Chancellor of the Exchequer at the time of great debate over international liquidity, he had an almost parental interest in the role of Special Drawing Rights and their future. He was proposing that SDRs should now be used more actively, as they have been used for the first time in the recent German-U.S. agreement intended to stabilise the $. Nothing, Mr. Callaghan thought, should be allowed to divert attention from this international effort, and in fact when he did go to Washington he talked to President Carter quite as much about SDRs as about the Schmidt plan.

Ashley Ashwood

Prime Minister James Callaghan and Chancellor Helmut Schmidt at No. 10: extreme respect for each other's view.

But there was another more national though no less immediate reservation about Herr Schmidt's thinking. The Prime Minister said that he fully understood the German concern about the continuing appreciation of the Deutschemark but he himself had to think about the £. It might not be entirely in Britain's interests to have sterling tied too firmly to the stronger European currencies and there might even be new constraints involved: for example, on regional policy.

There is no reason to believe that these differences of approach have yet been resolved. The position on the Schmidt plan is that it was agreed at the Copenhagen breakfast that each of the three Heads of Government should appoint personal representatives to explore the matter further. The French and the Germans, however, will have a slightly different role from the British: their task will be to come up with the details of how the plan might work; the British task will be not exactly to knock them down, but to subject them to a rigorous technical examination.

As for reserve assets, the discussions will continue at the meeting of the Interim Committee of the IMF in Mexico City this week-end. The British have embraced more eagerly than most the ideas coming from Dr. Johannes Witteveen, the Fund Managing-Director, under which unwanted dollars could be somehow converted into SDRs. There is no joint European view and the Germans are about as sceptical of the Witteveen plan as are the British of the Schmidt plan. It is admitted at the Treasury that the two need not be incompatible, but the admission is grudging. The Germans, in particular, object to the idea of new sources of liquidity and to the possibility that simply substituting SDRs for surplus dollars might do nothing to encourage American discipline.

There is also the time problem. It is most improbable that anything will come out of the IMF before the summer, and equally the Schmidt plan seems to require more distant horizons for proper consideration. That in turn raises the issue of how a package deal on the five-point programme can be put together by the Bonn Summit.

The general assumption is that if the Germans are going to give ground on growth, somebody else is going to have to give ground on currencies in return. But it may not be possible in the time available. Moreover, the Germans have still not said that they are prepared to move on growth at all. That was the other main difference which the Schmidt-Callaghan talks were unable to resolve. Herr Schmidt did say that he would have another look at the state of the German economy next month or so, and he did not totally rule out more steps later in the year, but he added that that would not necessarily mean another domestic stimulus.

In other words, there are some hints that the Germans are looking for a package and would move if others would move with them. But from their point of view such a package would almost certainly have to include something which gave greater stability to the Deutschemark exchange rate and substantial progress in the U.S. on energy policy. They might have the latter by the summer, but the prospects for the former are still doubtful.

The British, meanwhile, continue to believe that the Germans should reflate, though Mr. Callaghan now puts it more tactfully and went out of his way not to say so in public. The view at the Treasury is that with an inflation rate of a little over 3 per cent. and still falling, there is ample room for the Germans to act now even if the price were to bring up the inflation rate to the current British level. Herr Schmidt disagrees, and plainly thinks that more reflation would not necessarily produce the required growth.

As Mr. Callaghan put it at the joint Press conference on Monday, the two men had found that after 24 hours of "living in each other's pockets" that they usually agree on analysis, but not always on the solutions. The best that they have done is to have agreed to go on talking. There will be an awful lot of meetings at all sorts of levels between now and the summit in Bonn.

Malcolm Rutherford

Letters to the Editor

Disclosure in accounts

...rom Mr. A. Napier

Sir.—It is wholly misleading ...r companies to report earnings ...fore and after tax, as if cor...ration tax were the only tax ...yable.

All companies should provide ...ployees and shareholders with ... account of the total monies ...acted by or on behalf of the ...te. This would include all ...YE, and the costs of its ...ministration; the company's ...T, paid or lent, and the cost ...its administration; all duties, ..., licences, and the cost of ...plying information and ...iding tribunals and com...ons on employment, prices, ... All of these have to ...onourably and competi...earned by the company ...ts employees and paid as ...e levy to permit the com... to provide jobs and create ... at all.

...re a company receives a ... grant or subsidy, the ...s should show the net im... of the grant or subsidy ... the items above.

... items are probably un...able, for example the ...nterest payable because ...te has raised the cost of ... for its own particular ...s.

...e the employees can see ...uch of the product of their ...gs is confiscated, and how ... better off they would be ...ng more of their own earn...hey would be better able ...ide what they require ...their next group of state ...entatives.

...losure is fashionable—let ...gin with the state's ...ns.

... Napier.
...esham Grange,
...m,

...arket ...k

...r. D Damant.

...—I do not quite under...Dr. Southworth's view of ...ient market theory (April ...ce although stating his ...ment with this theory he ...ites "I do not think that ... any evidence that in the ...und managers actually ...en able to pick out poten...ood or bad performers, or ... risk, with any consistent ... of success." As far as ...nance is concerned, that ... basic evidence for the ...t market theory.

...aps I could make three ... comments on Dr. South...s letter. The efficient ...t does indeed claim that ...isk is correlated with high ...d; discussion of this point ...ensive in the literature. It ...ential to the efficient use of ...l, not only in the Stock ...ange, that risk and reward ...correlated. Of course the ...lation may be complicated ... a number of qualifications ... be admitted.

... Southworth is quite right ...state that arguments about ...ormance an drisk can be cir...r, if a portfolio's good per...nance is dismissed on a risk ...usted basis simply because ... most successful shares have ...en held in an uptrend. It is ...ht to give the portfolio man...er credit either for judging ...e market correctly, or for ...oosing shares which were ...tering a more volatile stage. It ...ay well be that market timing ... easier in some markets, for ...xample London, than in others. ...s regards forecasting changes in the evidence is that it is difficult.

Dr. Southworth writes as the research officer of the Association of Chart and Technical Analysts. I should like to suggest to tre Association that antipathy to the efficient market is misplaced. For many years the chartist claim was that material information o fa fundamental nature was already discounted in share prices: "do not confuse me with facts." For this point of view, technical analysts suffered a good deal of unpopularity. But now the efficient market theory provides scientific support for their position. It is true that the theory claims that technical as well as fundamental arguments are already discounted; but there is at least a wide area of agreement on which the Association should be able to build.

D. C. Damant.
Clive Investments Cambridge
1, Royal Exchange Avenue, E.C.3.

The price of gold

From Mr. A. Gray.

Sir.—In his letter of April 18 Mr. Irvine Fortescue suggested that paper money backed by gold would be a stable store of value. On that day the Financial Times quoted the market price of gold as approximately $180 per ounce. On April 20 the same amount of gold is quoted at approximately $170.

Adrian Gray,
31, Russell Road, Wimbledon.

Pensions outlook

From Mr. R. Newton.

Sir,—I considered the article "Thoughts on retirement" by E.S. (April 22) to be very misleading. Like so many articles recently which have examined the "state versus private" pensions argument, the disadvantages of the additional state pension scheme have been paraded for all to see without a single mention of the comparisons in cost between "contracting in" and "contracting out."

Of course an employer can provide a pension in a "contracted out" situation which is better than the additional state pension; he can also provide, as E. S. appears to recommend, a pension based on past company service when pensions contributions were presumably not being paid. The fact remains, however, that pension schemes are the most costly things imaginable and to provide the type of things E.S. has recommended will cost an employer a darn sight more than the cost of "contracting in" to the state arrangement.

E.S. and a large number of other pensions experts who have presented their views over recent months would have done employers and employees a far greater service if they had publicised the fact that the additional state pension scheme provides excellent value for money and indeed better value for money than can be obtained on a private basis. One can prove this statement by approaching a pensions broker and you will find that it is just not possible to purchase with contributions of 7 per cent. of payroll (7 per cent. being the total saving in National Insurance contributions which apply to the employer (4½ per cent.) and employee (2½ per cent.), in a contracted out situation) a private pension scheme which is either (a) better than the state additional scheme or (b) guaranteed to be as good as the state additional scheme. This statement is not surprising when you consider that the state scheme is getting massive support from the Treasury (18 per cent. of its funds) and it is not looking for a profit whereas the private assurance company gets no support and is seeking a profit.

Given the situation described above there is more than a lot to be said for "contracting in" to the additional state pension scheme and covering the drawbacks of the state scheme (for example, no lump sum for death in service and no lump sum on retirement) by the provision of a private "top up" scheme. This suggestion looks even better when you consider the fact that the Government has already announced that in future years the savings in National Insurance contributions for employees and employers in a "contracted out" situation will be reduced.

With the risk of offending the pensions industry I would say that it is most unfortunate that the vast majority of the so-called pensions experts who have had to shoulder the responsibility for explaining the new pensions arrangements to employers and employees, have also had a vested interest in selling private pension arrangements with the net result that a very good state pension arrangement has been given a very poor image. The result of this exercise will not be evidenced for four or five years and when it does I predict that there will be a large number of employers who have "contracted out" who will be wondering how on earth they are going to finance the pensions benefits they have agreed to.

R. Newton.
36 St. Anne's Grove, Knowle, Solihull, West Midlands.

Employee shares

From Mr. D. Philpot.

Sir.—It is indeed a welcome move by this Government to provide tax concessions on bonus allocation of shares of up to £500 per employee each year. This does mean however, that employees of companies owned by overseas parents will, in the majority of cases, be unable to take advantage of this scheme. If the legislation could be phrased to include trustees to buy shares in the publicly quoted parent, this would go a long way towards equalising the benefit over a far greater number.

D. E. Philpot.
"Touchwood," Round Street, Cobham, Kent.

Monty Python metrication

From Mr. M. Ahern.

Sir.—I rather fear that your writer (April 21) does not fully appreciate the reasons for the hostility to enforced metrication.

We find that in our own trade (retail timber) that despite a period of six years, there remains a general lack of comprehension of the metric system.

The ease of reference to timber sizes in imperial rather than metric explains why most of our suppliers and customers prefer the Imperial system. For example, a standard sheet-material size is eight by four feet, handier surely than its somewhat cumbersome metric equivalent of two thousand two hundred and forty millimetres by one thousand two hundred and twenty millimetres; confusion increases with door sizes in metric measure which give no idea of proportino, and indeed give a wider scope for error.

The suggestion of a fine and confiscation of the measuring device is surely more worthy of a sketch by Monty Python than a serious attempt to resolve the problem. Weights and measures legislation protects consumers against being sold short, not for using a familiar system which they understand very well.

A. M. Ahern.
32, Shepherds Walk, Chestfield, Kent.

Post Office investment

From Messrs. Wynne Godley and Francis Cripps.

Sir. — The courteous letter from the managing director of PO Telecommunications (April 21) concerning our report on the planning of telecommunications does not touch on our main argument; indeed we have some difficulty in recognising our work at all in what he says.

We may in our report have said "nothing new in explaining the complexity of decisions in developing the telecommunications business, nor in pointing out their scale and significance." But our central contention was that the Post Office is unlikely, owing to its very constitution and terms of reference, to make an appropriate evaluation of these complex factors and indeed that the quasi commercial criteria for investment decisions, which the Treasury again proposes to enforce, are likely to influence these in the wrong way.

What is new in our work is its suggestion as to how a much broader range of relevant factors than at present can be brought together into a comprehensive framework. The Post Office and the Government may well "recognise that the issues are complex and that many factors rightly bear upon our future strategy." Yet, but how? What factors are relevant and how are they to be brought into equivalence with one another so that the right choices—in the end political ones—are made?

As recently as 1976 over half of net investment was in electro-mechanical exchange equipment: the present modernisation plan is itself employing an obsolescent technology (TXE): in *digital switching and transmission* (System X) we are probably five years behind our most advanced competitors: the ordering of equipment has been chaotic, leading to large scale and unforeseen redundancies in heavily depressed areas: our international trade performance has been very poor and is deteriorating: it is unclear that the new service made possible by digital switching will be available early enough for U.K. business customers, unless we start importing on a significant scale.

What grounds can there be for supposing that things will be different in future? We are not at all impressed by the repeated assurances that "System X" will, when it eventually arrives, provide all the answers. It is certainly late: the outsider is even entitled to be sceptical as to whether the whole programme is feasible in the proposed time scale. In any case this whole area is one where technological change is so rapid that there is a lively danger that System X will be out of date as it is installed (like our current "modernisation" programme) and also unduly expensive.

Francis Cripps.
Wynne Godley.
Department of Applied Economics,
University of Cambridge,
Sidgwick Avenue, Cambridge.

To-day's Events

GENERAL

Council of Europe Parliamentary Assembly ends, Strasbourg.

U.K. Chief of Defence Staff visiting China until May 3.

Confirmation expected of agreement between Portugal and International Monetary Fund for almost $800m. Western-backed aid.

Mrs. Margaret Thatcher, Opposition leader, visiting Iran until May 2 for talks with the Shah and senior Ministers.

Mr. Albert Booth, Employment Secretary, addresses Labour Party North West region meeting, Bolton.

Mr. Len Murray, TUC general secretary, gives Institution of Production Engineers' 1978 Viscount Nuffield Memorial Paper on "Industrial Relations with a Human Face" at University of Salford.

World Energy Economics conference continues, Inn on the Park, W.1.

Sir Peter Vanneck, Lord Mayor of London, opens King George's Fund for Sailors' annual meeting, Mansion House, E.C.4.

PARLIAMENTARY BUSINESS

House of Commons: Private Members' Bills. The House then adjourns until Tuesday, May 2.

COMPANY MEETINGS

Authority Investments, Cadogan Hotel, S.W., 12. Bonser Engineering, Bostock Lane, Nottingham, 2.30. Dufay Bitumastic, Winchester House, E.C., 12. English Property, Dorchester Hotel, W., 10.30. Intereuropean Property, 16, Oxford Street, W., 11. Kode International, Calne, Wilts., 12. Lex Service, 17, Great Cumberland Place, W., 12. Mixconcrete, The Aquadrome, Northampton, 12. Oliver (Geo.), Leicester, 12. Rentokil, East Grinstead, 10.30. Spencer (Geo.), Nottingham, 12. Stone Platt Industries, Quaglino's, S.W., 12. Tomatin Distillers, Mayfair Hotel, W., 12.15. Transport Development, Great Eastern Hotel, E.C., 12. Waverley Cameron, Edinburgh, 12. Woodward (H.), Formby, Liverpool, 3.

OPERA

Royal Opera production of Le nozze di Figaro, Covent Garden, W.C.2, 7 p.m.

English National Opera perform Carmen, Coliseum Theatre, W.C.2, 7 p.m.

BALLET

Sadler's Wells Royal Ballet dance Solitaire, and Giselle, Sadler's Wells Theatre, E.C.1, 7.30 p.m.

MUSIC

Iain Ledingham (organ), St. Stephen, Walbrook, E.C.3, 12.30 p.m.

Dana Forbes (piano) in programme of Beethoven, Chopin and Maw, Purcell Room, S.E.1, 7.30 p.m.

London Philharmonic Orchestra, conductor Daniel Barenboim, perform Schubert's Symphony No. 8 in B minor (Unfinished) and Symphony No. 9 in C (Great), Royal Festival Hall, S.E.1, 8 p.m.

COMPANY NEWS + COMMENT

Northern Engineering reaches £25m.

On turnover up from £359m. to £387m., Northern Engineering Industries, which was formed last August to effect the merger between Clarke Chapman and Reyrolle Parsons, made pre-tax profits of £25.16m. in 1977 compared with an aggregate result of £22.11m. last time.

Exports reached £95m. and turnover of overseas companies £57m.

After tax of £11.1m. (£9.64m.), extraordinary debits of £230,000 (£535,000), and minorities, the attributable balance is ahead from £11.51m. to £13.46m.

Earnings are shown at 20.74p per 25p share and the dividend total is 6p with a final of 4p.

The directors state that the results are backed by a strong balance sheet with improved liquidity. The outlook indicates reasonable confidence of continuing improvement in performance and profit. International Combustion (Holdings) has been treated as having been acquired on December 31, 1977 and accordingly its earnings for 1977 have not been included in the results.

● **comment**

Northern Engineering's figures are right in line with market expectations after adjusting for the change of accounting at Howden Parsons, where the contribution to associate profits has been deducted and replaced by dividend income of £95,000 in 1977 and £250,000 in 1976. Stripping out exchange gains of £1m. (down from £3½m.) NEI is ahead by 30 per cent. pre-tax and the dividend is 0.4p per share higher than indicated at the time of the merger. This year NEI is forecasting steady growth and with an initial contribution from its two recent acquisitions — International Combustion and Baldwin and Francis — profits for 1978 could be in the region of £32m. pre-tax.

Liquidity has improved by around £5m., while an announcement is expected within the next couple of months about the merger of its large boilermaking interests at Gateshead with Babcock and Wilcox. At 100p, where the p/e is 4.6 and the yield is 9.5 per cent., the shares are standing on an undemanding rating.

HIGHLIGHTS

Vickers' figures show the effects of nationalisation with the absence of shipbuilding and aircraft earnings in the second half leading to a sharp drop in profits. Tarmac reports a £16m. loss in Nigeria and, though domestic profits are 20 per cent. higher, overall profits are about £1m. lower. Tootal reports profits £4m. higher, but this masks a sharp slowdown in the second half, while on the trading front the Sunny Side spinnig factory, which was making losses of £400,000 a year, has been closed. Lex also discusses the new light which yesterday's concessions from the Inland Revenue, over the treatment of profits on long-term contracts, casts on Wimpey's tax arrangements. Meanwhile, profits are 15 per cent. ahead after a 9 per cent. improvement at the half-way stage. First-quarter figures from Hoover were below market estimates but the shares finished higher on the day. Amalgamated Power has turned in another strong performance thanks to the U.K. activities. Half-time figures from Northern Engineering are in line with brokers' estimates but the full-year results from Minet restored some confidence in the insurance broking sector.

S. Simpson up £0.2m. so far

FROM TURNOVER up from £8.12m. to £9.63m. taxable profit of S. Simpson, the tailors and clothiers group, jumped from £641,000 to £840,000 in the January 31, 1978 half year.

After tax of £437,000 (£333,000) net profit was £403,000 (£308,000). Directors say the progress is being maintained.

For all last year profit of the group was a record £1.65m., with dividends totalling 3.8125p. The interim dividend this time is steady at 1.3125p net per 25p share.

McKechnie down £1.5m. halfway

SALES FOR the half-year to January 31, 1978 at McKechnie Brothers were marginally higher at £71.39m. against £71.16m. but pre-tax profits fell from £8.33m. to £6.77m.

Earnings are shown at 6.9p (9.6p) per 25p share. The interim dividend is lifted from 1.5p to 1.75p net—last year's final was 3.45p and full year profits came to £15.72m.

The directors say that the U.K. acquisitions increased the company's stake in plastic processing, and made a significant contribution to the improved U.K. profit.

Continuing recession in South Africa, and the expected sharp fall in demand in New Zealand led to lower contributions from these areas.

Second half trading in the U.K. opened more strongly for companies supplying consumer goods, overseas a slowly improving trend is becoming established, they add.

First half profits were reduced by exchange losses of £310,000.

Group interests include the manufacture of non-ferrous metals and chemicals, and engineering.

● **comment**

Lower overseas earnings coupled with exchange fluctuations account for McKechnie's 19 per cent. shortfall in the first half. Contrary to its expectations, the continuing recession cut South African profit contributions from 30 per cent. last year to 19 per cent., while a downturn in New Zealand reduced its share by six points to 11 per cent. In addition, exchange fluctuations reduced group profits by £310,000. These factors more than offset a sharp improvement in U.K. operations. Home profits boosted by its recent acquisitions in plastics processing rose by some £0.5m. This trend is expected to continue in the second half so the expected improvement overseas and a favourable exchange rate factor in the latter months could see McKechnie repeating 1977's pre-tax profits of close to £16m. The shares at 84p yesterday give a prospective p/e of 5.5 on a yield of 10 per cent.

Hutchinson reaches £0.69m.

AFTER RISING from £330,000 to £410,000 at the nine month stage, pre-tax profits of Hutchinson finished 1977 ahead from £608,000 to a record £690,000 on turnover of £9.79m. against £7.63m.

Tax for the year absorbs £358,000 (£301,000) and extraordinary debits £13,000 (£63,000).

The final dividend is 4.9p net per £1 share for a 7.9p (7.15p) total.

The group, which operates as printers and publishers, has "close" status.

Petrocon decline

FOR 1977 Petrocon Group reports turnover of £10.12m. and pre-tax profits of £0.69m., compared with £13.72m. and £1.5m. respectively for the previous 18 months.

Earnings per 12½p share are given at 8.45p (11.23p annualised) and the final dividend is 3.3601p net for a 4.5358p (4.4423p adjusted) total.

Profit was struck after associate companies' losses of £962 (£16,618). Tax took £186,013 (£875,399) and the attributable balance was £499,245 (£868,571 including a £43,200 extraordinary item). ED 19 has been applied and comparisons adjusted.

The directors state that the manufacturing division was again the major contributor to profits with Ham Baker continuing to perform well. Strong international competition and an unprecedented rate of inflation put severe pressure on profit margins.

Minet rises to £15.2m.

PRE-TAX PROFIT for 1977 of Minet Holdings, the insurance broking concern, advanced from £12.4m. to £15.2m. At halftime, when the figure was ahead at £7.36m. against £5.91m., the directors forecast a satisfactory increase over the 1976 result.

In accordance with ED19, tax for the year takes £6.71m. (adjusted £6.08m.), leaving net pofit up from £6.33m. to £8.5m.

After an exchange deficit of £255,000 (£224,000 gain), minorities of £350,000 (£318,000) and an extraordinary debit of £144,000 (£197,000 credit), the attributable balance rose from £6.43m. to £7.74m.

Stated earnings per 20p share are 16.03p (12.67p) and the dividend total is raised from an adjusted 3p to 3.33359p net, with a final of 1.27104p.

● **comment**

Minet Holdings preliminary results beefed up a rather sickly looking insurance broking sector yesterday. Minet's own share price rose 7p to 180p on the better than expected figures, and shares of other browers rose in sympathy. What helped the group's 17 per cent. rise in brokerage income was its orientation towards non-marine insurance, where its professional indemnity broking provided a useful contribution. However expenses rose at a faster rate of 18.8 per cent., due to the influence of currency factors. At the pre-tax level a better than expected advance in investment income contributed a third to the overall improvement thanks partly to £250,000 profit from a gilt sale. Otherwise a 60 per cent. jump in associates to £1.77m., achieved on excess and surplus line business from the U.S. and again professional indemnity, contributed to the overall advance. In the current year the group is moving to new offices, but any increase in expenses could be offset by the now favourable downward movement of sterling. Pre-tax profits of £17.5m. could be achieved in the current year. At 180p they stand on a p/e of 11.1, and yield 2.8 per cent.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Amal. Power Eng.	2.64†	July 5	2.53	5.28†	3.66
Anglo-Scottish Inv. ...int.	0.7	July 3	0.61	—	1.6
Belgrave (Blackheath)	2.86	—	2.6	2.86	2.6
Border Breweries	2.54	July 6	2.28	3.5	3.14
Common Bros. ...int.	2	June 5	2	—	5.31
De Vere Hotels	2.66	July 3	2.42	4.65	4.2
Flight Refuelling	1.75	July 5	1.73	2.85	2.58
Grampian TV	1.5	—	1.37	2.2	1.99
Hawkins & Tipson ...int.	1	July 28	1	—	3.99
Norman Hay	2	—	1.14	3	1.84
Hutchinson	4.9	—	4.65	7.9	7.15
P. & W. Maclellan	0.8	—	Nil	1.3	0.5
Martin-Black	2†	May 30	2.4	4	4.44
McKechnie Bros. ...int.	1.75†	June 2	1.5	—	4.95
Minet	1.27	—	1.14*	3.33	3*
MY Dart ...int.	1†	June 27	0.26	—	2.17
B. & I. Nathan	2.3	June 19	2	3.3	3
Nthn. Engineering	4	July 7	—	7	—
Petrocon	3.36	June 9	1.58	4.54	4.44‡
Safeguard Indl. ...int.	1	June 16	1	—	3.6
Shiloh Spinners	0.89	June 15	0.59	1.64	1.64
S. Simpson ...int.	1.31	July 3	1.31	—	3.81
J. Smurfit	4.87	June 30	3.62*	7.34	5.47
Spong & Co.	0.81	—	0.81	1.25	1.24
Tarmac	6.23	July 3	5.26	9.8	8.78
Tootal	1.82	—	1.74	2.72	2.46
Turnbull Scott	4	—	5.12	8	9.12
Vickers	5.96	July 3	5.29	9.81	8.79
George Wimpey	0.69	—	0.61	0.69	0.61

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Annualised.

Grampian Television higher

ON TURNOVER of £3.53m. compared with £2.74m. taxable profit of Grampian Television was lifted from £304,778 to a peak £372,183 in the year to February 28, 1978.

The result was after Exchequer Levy of £53,000 (nil), and is subject to tax of £197,406 (£170,311).

Earnings per 10p share are shown ahead from 4.5p to 5.8p; and a final dividend of 1.5p net takes the total to 2.2p (1.991p), the maximum permitted.

De Vere hits peak £1.52m.

ANNOUNCING TAXABLE profit ahead by 32 per cent. from £1,152,609 to a peak £1,522,929 for 1977, the directors of De Vere Hotels and Restaurants say that trading prospects for the current year are encouraging and should result in a significant advance in profit over that now reported.

At midway, when profit was higher at £771,763 (£603,501), the directors forecast a record result for 1977.

Turnover for the year advanced from £13.22m. to £16.09m. and profit was struck after repair and renewal costs of £1,343,352 (£952,721), interest of £133,910 (£131,108), depreciation £53,137 (£43,220) and directors' and auditors' fees.

Tax takes £745,114 (£524,189) leaving stated earnings up from 5.8p to 6.9p per 25p share. A final dividend of 2.6564p raises the total to 4.6529p (4.2025p) net—Mr. L. Muller, the chairman, has waived his entitlement to all 1977 dividends in respect of 5,440,308 (same) shares.

A loss for 1977 on the disposal of property amounting to £41,174 has been met from capital reserve and retained profit improved from £385,726 to £509,110.

On February 28, 1978, the company redeemed one-half (£500,000 nominal) of its 8½ per cent. Convertible Loan Stock at a cost of £350,000.

Lockwoods Foods just ahead

AFTER INTEREST and depreciation, profits of Lockwood Foods, the fruit, vegetables, and meat canning group, show a marginal increase from £941,000 to £946,000 for the half year to November 30, 1977, subject to tax of £502,000 compared with £499,000.

The directors say that second half profitability has been running approximately parallel with last year. Profits for all 1976-77 came to £2.24m. and a single 3.68952p net per 25p share dividend was paid.

Martin-Black hit by strikes

AFTER A decline in halftime profit from £1.09m. to £0.25m. a series of industrial stoppages in the second six months of the year primarily caused Martin Black, the wire rope manufacturing concern, to finish 1977 with a pre-tax loss of £0.25m., compared with a £1.27m. surplus for 1976.

Loss per 25p share is given as 2p (earnings 10.07p), while a final dividend of 2p cuts the total for the year from 4.4369p to 4p net, on increased capital.

Amal. Power up to peak £6.3m.

AFTER RISING from £1.13m. to £2.93m. in the first half, pre-tax profits of Amalgamated Power Engineering finished 1977 ahead from £3.39m. to a record £6.29m. on turnover of £56.15m. against £46.33m.

Earnings are shown to be up from 20.46p to 37.97p per 25p share on capital increased by last May's one-for-three rights issue, and the dividend total is raised from 3.658146p to 5.28p net, with Treasury permission, the final payment being 2.64p.

The tax charge comprises U.K. corporation tax £971,000 (£816,000) less prior year's adjustments £145,000; ACT in respect of 1977 dividends £373,000 (£203,000) less ACT recoverable in respect of previous years' dividends £259,000 (£190,000); overseas subsidiaries £374,000 (£432,000); and overseas associated companies £136,000 (£110,000). Deferred tax of £1.25m. (£0.48m.) has not been provided for.

Total net assets at the year end stood at £25.8m. (£17.4m.) with fixed assets at £7.53m. (£7.04m.), net cash at £3.25m. (£2.75m. of borrowings), and other working capital £14.74m. (£12.86m.).

● **comment**

Thanks to a strong performance at home, Amalgamated Power has continued its impressive growth rate after the depressed years of 1974 and 1975. All low margin/fixed price contracts have now been worked through, and profits are 86 per cent. higher on turnover up 21 per cent. Orders for compressors, gears and valves have been outpaced by the diesel side, which accounts for around three-quarters of the profits rise. But overseas, the position has not been as rosy: more than half of the company's output normally goes as exports but the U.K.'s high inflation rate and relatively strong currency hit profits, and this only accounted for a[illegible] 15 per cent. of total, comp[illegible] with almost a third in [illegible]. Exports may resume their [illegible] vious importance when [illegible] Australian and South Af[illegible] economies recover, but in [illegible] meantime there is still con[illegible] able potential in the home ma[illegible]. The shares rose 9p to 130p. [illegible] are on a p/e of 3.4 and yiel[illegible] per cent. The cover is more [illegible] seven times.

Over £1m. loss for Turnbull

FOLLOWING A midterm defi[illegible] £315,673, Turnbull Scott Ship[illegible] plunged deeper into the re[illegible] the second six months to Jan[illegible] 31, 1978, to finish with a pr[illegible] loss of £1,192,000, compared [illegible] £7,000 last time. Turn[illegible] increased from £5.25m. to £6[illegible]

At the interim stage, [illegible] directors said that the unsati[illegible] tory result had been caused [illegible] continuing very poor tra[illegible] conditions. In addition, n[illegible] trading time had been lost w[illegible] six of the ships were in dry[illegible] for repairs. However, the se[illegible] half was expected to show [illegible] improvement.

Loss per £1 share is given [illegible] 65.13p (1.66p) for the year, w[illegible] the dividend total is reduced f[illegible] 9.128p to 8p net, with a fina[illegible] 4p.

After a tax credit of £544[illegible] (£9,000 debit), a surplus [illegible] £293,000 (£16,000) on the disp[illegible] of ships, and an extraordi[illegible] debit of £599,000 (£3,000) inc[illegible] ing a £522,000 provision aga[illegible] an investment in an associate, [illegible] attributable deficit emerged [illegible] £954,000 (£3,000).

ISSUE NEWS

Greenwich flops

The London Borough of Greenwich's offer of £20m. of redeemable stock closed yesterday with the underwriters having to take up 88.3 per cent of their commitment.

The issue of 11¼ per cent. Redeemable Stock 1986 priced at £99 per cent. offered running and redemption yields of 11.869 per cent. and 11.947 per cent. respectively.

Following the weakness in the gilt market since the terms were pitched last Monday the poor result was not unexpected. Dealers last night were indicating that the price may open around £9½-£9¾ (£10 paid).

M AND W MACK

M and W Mack, a private company engaged in the wholesale marketing and distribution of fresh fruit, flowers and vegetables, is proposing to double its capital from £225,000 to £450,000.

This will utilise about a third of the group's undistributed profits. In the accounts d[illegible] April 30, 1977, Mack had rese[illegible] of £524,309.

Mr. Matthew Mack, the ch[illegible] man, commented that: "In t[illegible] difficult days for our industr[illegible] is important that the increa[illegible] number of growers who e[illegible] into a working partnership [illegible] us should realise the strengt[illegible] our resources. Our prospects [illegible] the current year are [illegible] encouraging. Turnover is runn[illegible] at some £24m. per annum."

McBRIDE SCRIP

Robert McBride (Middlet[illegible]), a manufacturer of dome[illegible] bleaches and detergents, [illegible] announced proposals to i[illegible] 400,000 10 per cent. Cumula[illegible] Preference shares of £1 each [illegible] 4m. of new Ordinary 10p sh[illegible] by way of a scrip.

The basis of the capitalisa[illegible] will be two new Ordinary sh[illegible] for every existing Ordinary sh[illegible] and one Preference share [illegible] every five existing Ordin[illegible] shares.

Dividends on the Prefere[illegible] stock will be paid half-yearly [illegible] January 1 and July 1, with [illegible] first payment due next Januar[illegible]

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● LONDON BRICK COMPANY LIMITED.

business news

WORLD'S LARGEST BRICKMAKER

REVIEW

By the chairman Sir Ronald Stewart, Bt.

Sir Ronald Stewart reports on London Brick 1977

New acquisitions — Croydex and Midland Structures

The acquisition of Croydex, the major acquisition during 1977, which took effect from the 1st January 1977, was referred to in my statement last year. The company has an established name for its products which are mainly for the home and the garden. Its outlets are mainly through some of the major stores, mail order houses and wholesalers. It is not itself involved in direct retail selling. Based at Andover, it has two factories where the raw materials are processed and the bought-in parts are assembled to produce the finished products, most of which are of the company's own design. The growth record is impressive and it again increased profit in 1977.

The company exhibited at the International Spring Fair which was the first exhibition to be held at the new Exhibition Centre near Birmingham. We were honoured by the visit of Her Majesty Queen Elizabeth, the Queen Mother, who showed considerable interest in our products. A continuous programme of development and improvement of products is essential in this trade and receives constant attention from senior management. One result was the launching at the Gardens and Leisure Exhibition in October, of a new range of "Husky" garden products, which was well received by the trade and is expected to produce substantial additional turnover in 1978.

The acquisition of Croydex marks another step along the established policy road which leads to less dependence on the cyclical nature of new housebuilding and a wider range of products and services which the Group can provide. In accordance with the undertaking given at the time of acquisition, the company retains its separate identity and management. We welcome the company to the Group and look forward to its continued growth and prosperity.

Our engineering facilities were increased during the year by the acquisition, with effect from 1st February, of Midland Structures Limited, an engineering company which is based in Bedford and mainly concerned with structural steel work. In the past Midland Structures had carried out a good deal of work for us and as a result both companies were well-known to each other. We look forward to an expansion of the company's activities.

FINANCIAL RESULTS A RECORD

The following are extracts from the circulated statement of the Chairman, Sir Ronald Stewart, Bt., for the year ended 31st December 1977:

Turnover and profit for 1977 include figures relating to The Croydex Company Limited which was acquired with effect from 1st January 1977 and Midland Structures Limited which was acquired with effect from 1st February 1977. Demand was not as buoyant as had been hoped, but as a result of strict control it is pleasing to be able to report that the results of the year constitute a new record. Turnover increased from £76,580,000 to £91,354,000, including exports that amounted to £4,273,000. Profit before charging depreciation amounted to £14,064,000 compared with £12,141,000 for the previous year. After charging depreciation of £1,890,000 compared with £1,620,000, the profit before taxation was £12,174,000 compared with £10,521,000, an improvement of nearly 16 per cent.

In the past provision for deferred taxation has been made in respect of differences between depreciation and other charges provided in the accounts and the corresponding allowances for tax purposes, and also for relief given for increases in stock values. It has been decided this year to take account of the provisions of Exposure Draft 19, issued by the Accounting Standards Committee. In accordance with the terms of the Exposure Draft, provision for Deferred Taxation in 1977 has been made on the liability method only where it was thought reasonably probable that an actual liability would arise in the foreseeable future. As a result of this change in policy, the charge for taxation is substantially reduced.

After providing corporation tax at 52 per cent the profit after taxation amounted to £7,540,000, compared with £5,196,000 for the previous year. On the Ordinary Stock an interim dividend of 1.2942p per Ordinary Stock Unit of 25p has been paid, and a final dividend for the year of 1.9602p per Ordinary Stock Unit is recommended. The total dividend for the year on the Ordinary Stock therefore amounts to 3.2544p per unit and is the maximum permitted by the Treasury. The retained profit for the year amounted to £5,598,000 and has been transferred to reserves.

The Trading Year

At the start of the year confidence amongst housebuilders was weak and there was prolonged very wet weather. As the year progressed both confidence and the weather improved but nevertheless the results for the first six months were slightly down on those of the preceding year. By this time, the indicators which normally point to an impending improvement in housebuilding were favourable yet demand improved slowly and stocks continued to increase. Because of confidence in the longer term, production was maintained and as a result stocks had reached a very high level by the end of the year. In these circumstances tight control has been necessary in all sectors in order to ensure that profitability was maintained. A noticeable feature of the year is that for the first time turnover from activities other than clay products reached 30 per cent. This is evidence of the attention that has been given to broadening the base of the Group's activities.

Demand

The year was one in which, with the exception of industrial building, the level of activity throughout the construction industry declined below the levels of 1976. In the private sector, the level of housing starts failed to respond to the substantially lower interest rates, the improvement in the ratio between house prices and incomes and the availability of mortgage funds. In the first three months of the year starts were down by 36 per cent. In the public sector, the effect of expenditure cuts amounting to £1,400 million were little alleviated by subsequent reductions and for the year as a whole starts fell by nearly 23 per cent compared with 1976. In the private sector the fall was approximately 13 per cent. Inevitably the recessionary nature of the market has been reflected in lower brick sales. In fact the number of bricks sold was the lowest since 1949.

Production

In spite of the decline in demand, production has been maintained throughout the year. This is a matter that has had to be kept under review as stocks of bricks mounted. Attention was drawn to this situation at the time of the Annual General Meeting held on the 19th May 1977 and again in the Interim Report issued on the 25th August 1977. Whilst trade conditions did show some improvement, it was slow to come through and disappointingly small in amount. The result was abnormally high stocks, which by the end of the year represented over six weeks' production. The decision not to cut output reflected confidence in the longer term improvement in demand, but it was nevertheless a difficult one to reach.

It is pleasing to record that industrial relations during the year have been good. It is inevitable that from time to time there will be some local differences of opinion on industrial relations matters but the consistent policy of senior management maintaining a close and constant dialogue with Trade Union officials and employees' representatives has again shown its worth and no production was lost during the year as a result of industrial action.

A major change has taken place at Clock House Works. All production of hollow clay blocks has ceased and the old tunnel kiln demolished, as has one of the two Zig-Zag kilns. The remaining kiln is still in use producing field drain pipes. On the site, and utilising a substantial part of the existing buildings, a new brick works is being constructed, and it is anticipated that it will come on stream in May or June 1978. The output of this works will be 500,000 high quality simulated hand-made bricks per week. It will be the first non-fletton brick works built by the Company.

Prices

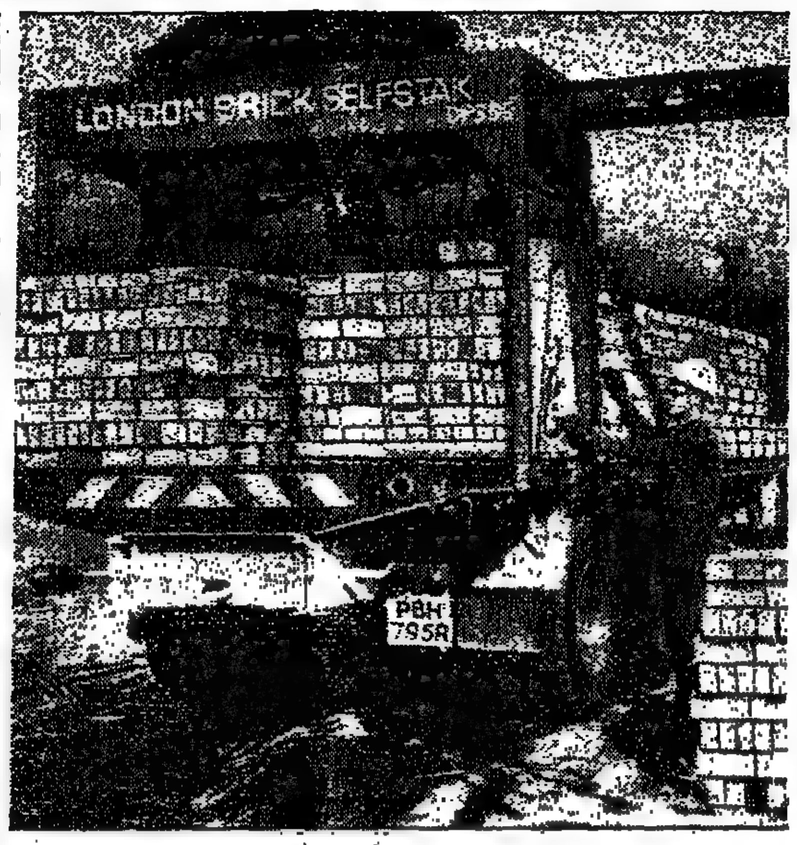
During 1977 delivered prices were increased by approximately 16 per cent, which was necessitated mainly by increases in production costs in respect of labour, power and bought-in materials, and also to a part recovery of the costs of the investment programme as provided for in the Price Code. The slowly reducing rate of inflation has, in more recent months, begun to take effect and it has therefore been possible to hold prices since August 1977. Inevitably a review will be necessary early in 1978.

Estates

The work of our Estates Department tends to become more complex in the light of present day requirements. The department is charged with the responsibility of looking after the Company's land and properties, negotiations in respect of the letting of farms and houses and dealing with the tenants and their problems. It must also design and control the construction of new buildings. An additional task which is of increasing importance in the light of present day environmental requirements is involved in the preparation and execution of schemes for tree planting and landscaping. A new forest tree nursery has been established and extra foresters appointed to assist in its maintenance. During the year a nature reserve was set up in a 40 acre water-filled pit at our Calvert Works near Buckingham, in association with the Berkshire, Buckinghamshire and Oxfordshire Naturalists' Trust.

The Estates Department has also been responsible for the Company's extensive farming activities and our Pedigree Dairy Shorthorn cattle have had another successful year at the Agricultural Shows, with no less than 13 prizes.

It has now been decided that our own farming activities should be separated from the Estates Department and established under a separate subsidiary company, London Brick Farms Limited. This does not mean just adopting a different form of organisation as changes in the type of farming and the stock maintained are involved. In particular there will be a concentration of arable farming in the Stewartby area and a new dairy unit established at Peterborough stocked with Friesian cattle. It was with some sadness that it was decided to end the link with Dairy Shorthorns but we look forward to the creation of new links and the benefits to be derived from a new herd and breed. The new company formally commenced operations on the 1st January 1978.



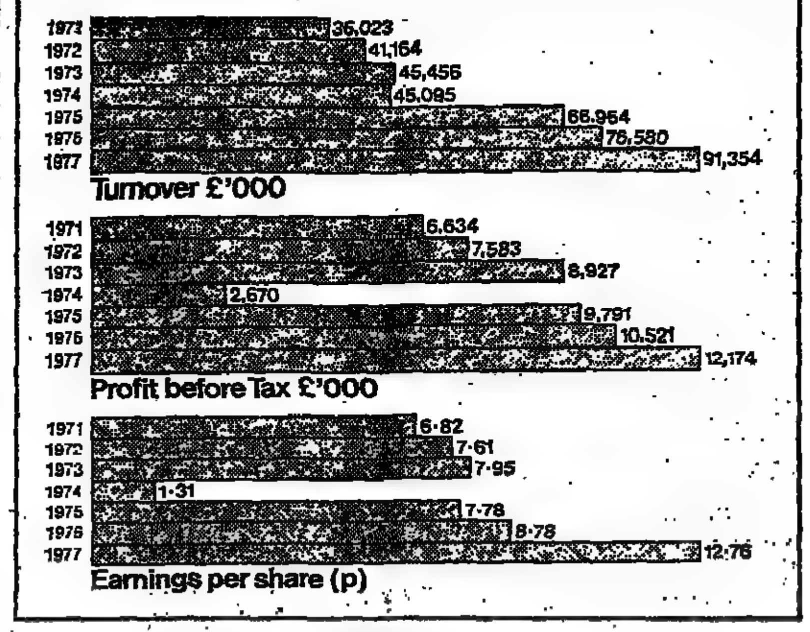
Distribution

Our own fleet of vehicles continues to be the principle method of delivering our products to our customers and during 1977, 62 per cent of all deliveries were effected in this manner. Whilst the number of vehicles in use has reduced, efficiency has again improved, the number of bricks delivered per vehicle day showing a 4 per cent increase. The demand for bricks to be delivered by vehicles having Selfstak equipment continues to grow, and over 70 per cent of our vehicles now have this facility. Once again it is possible to report that the number of accidents in which our vehicles were involved showed a reduction on the previous year.

We, and all other fleet operators, are likely to be affected by E.E.C. legislation and regulations which will have the effect of reducing the number of driving hours per day, the maximum distance certain vehicles may be driven per day and the use, on vehicles, of a recording device known as a Tachograph, to which Trade Unions are strongly opposed. These changes will seriously reduce productivity and increase the costs of distribution unless the present maximum load permitted to be carried is increased. At the present time the total weight of the vehicle and its load must not exceed 32 tons. By changing the technical specification of the vehicle, it would be possible to increase this weight to 40 tonnes. Such vehicles would be indistinguishable in size from those currently in use. It is therefore important that the Government accepts the need for the legislative changes necessary to permit the higher gross vehicle weight.

Tribute

The year has produced its problems, notably the slower than anticipated increase in demand for our products and the consequent rise in stocks. We all know, from past experience, the disruption that can be caused to the lives of our employees when it is necessary to reduce production and we were determined to avoid such effects last year, if at all possible. Employees were kept informed of events and responded to the requirements of the time. This once again demonstrated the close dialogue that is maintained between all sections of our work force, and the understanding that it creates. All employees have an important role to play in the Group's activities and we much appreciate their continued loyalty and support.



LONDON BRICK LANDFILL

The company was originally formed as London Brick Land Development Limited but changed its name on the 21st June 1977.

The company, using the trade name, "Easidispose", offers a wide range of waste collection and disposal services to Local Authorities and Industry. Demand for those services has again shown an increase, turnover having increased by approximately 60 per cent which in turn has resulted in a satisfactory contribution to profits.

After some years of complex discussion and negotiations with the Greater London Council, the company has been successful in competitively tendering for two large domestic waste contracts. The first of these is the "Hendon Rail Transfer Scheme" and has been referred to previously as the "Brent Scheme". The contract is for the reception at the company's transfer station, compaction, transportation and disposal of more than 200,000 tonnes of domestic waste a year. The second contract is for the reception and disposal of domestic waste from Hillingdon. In this scheme the Greater London Council will operate its own transfer station and arrange transport to our Calvert Works near Buckingham. This contract also provides for the disposal of over 200,000 tonnes per annum of domestic waste.

The industrial waste collection and disposal services have also continued to expand. With the reduction in the number of outlets for the disposal of notifiable wastes, industry is facing increasing problems to which we endeavour to provide a satisfactory answer in the areas in which we operate. Applications for planning consents for disposal of certain wastes are inclined to bring a certain amount of comment which is often ill-informed and inaccurate. Quite apart from the strict control that is exercised through legislation, we have always been prepared to show to those concerned in our areas of operation what we do and how we do it. As a result of this open policy we have usually been able to remove the unfounded worry that has existed.

LONDON BRICK BUILDINGS

The continuing squeeze on the level of disposable incomes and high unemployment generally have resulted in a difficult year, particularly for the domestic products. Against very strong competition, sales have been very well maintained but margins have been adversely affected. During the year the policy of divisionalisation that was commenced in 1976 was completed and the changes will assist internal management control and marketing policy and will also provide a sound base from which to take advantage of a future uplift in the market. A new range of domestic ornamental steel products under the name Royal Empress has been launched, which will supplement the existing range of Royal Princess gates.

Banbury Commercial Buildings has maintained satisfactory sales of industrialised prefabricated buildings in a depressed United Kingdom market but more particularly the company has achieved considerable success in Saudi Arabia. The bungalow and school contracts reported last year have resulted in further orders and this activity has made a substantial contribution to profits.

Prospects

In the year to date brick deliveries have shown a marked improvement over the same period of the previous year. Whilst the rate of increase is unlikely to be maintained, forecasts indicate that housing starts will be higher in 1978 than they were in 1977. Group activities, not associated with the construction industry, have also commenced the year well and the outlook is one of cautious optimism.

Overseas Activities

The increasing activity that we have in overseas markets is again reflected in the value of goods exported. During 1977 exports amounted to £4,273,000 compared with £1,495,000 for the previous year. Whilst these sales still represent a very small proportion of total turnover, they have increased at a substantial rate during the last two years. The Parent Company, London Brick Buildings and Croydex have contributed to this increase, and all are continuing to seek further outlets for their products and services in overseas markets.

The joint venture in Iran has progressed well. By the end of November we had dispatched under our supply contract and within the delivery dates set, a total of 68 loads of machinery and steelwork weighing over 1,000 tons. The construction of the brickworks was delayed by extremely bad weather early in the year, and no work was possible for two months. Nevertheless the first kiln was lit during December and it is anticipated that the second kiln will be lit during the summer of 1978. During the year Tehran London Brick Company increased its issued share capital. It is evidence of the great confidence in the venture that exists locally, that the new issue was heavily oversubscribed.

London Brick Buildings has extended its overseas operations and reference has already been made to Saudi Arabia and America. In addition the venture in Abu Dhabi commenced to trade during the year. Whilst the build up of sales has taken time the level of activity has now increased. A further joint venture has been established in Nigeria, a country which has enormous demand for the products to be produced.

Croydex has in the past been involved in overseas markets rather nearer to home, its main outlets being in Europe. Such sales continue to grow satisfactorily and recently a contract has been secured to manufacture a range of "Croydelle" products for an internationally known company in Europe. In addition to the usual stand at the Cologne International Housewares Fair, exhibitions were attended for the first time in Tokyo and New York.

All you need to know about London Brick

Please complete the coupon below if you would like to receive copies of the Annual Report and/or the Brochure which outlines some of the Group's wide range of interests.

To: The Secretary, London Brick Company Limited, 12 York Gate, Regents Park, London NW1 4QL

Please send me a copy of the Annual Report and/or the Brochure.

Please tick ANNUAL REPORT ☐ GROUP BROCHURE ☐

Name ____________________

Address ____________________

____________________ Post code ________

Loss of vested profits cuts Vickers to £25m.

WITH THE contribution from its nationalised shipbuilding and aircraft interests cut almost £13m. to £11.83m., pre-tax profits of Vickers slumped from £38.3m. to £25.06m. in 1977. Turnover dipped from £424.23m. to £402.39m., and includes shipbuilding sales of £59.14m. (£204.28m.).

Directors said at half-time, when profit was £2m. higher at £16.58m., that it was clear that interest on compensation for the vested assets would not match the earnings of those two businesses, and consequently second half profits would not match those of the opening period.

They now say that the continuing business, overall, produced profits at a similar level to that achieved in 1976, despite a background of difficult trading conditions in many operating territories and adverse currency fluctuations totalling some £1.8m.

The U.K. engineering group again achived increased profits, while the engineering activities in both Australia and Canada broadly maintained their position.

Howson-Algraphy's performance was particularly outstanding and the Roneo Vickers office equipment group is beginning to benefit from a major re-organisation.

In the offshore engineering group the heavy cost of development of new technology not yet commercially exploited together with the intense competition in the submersible operating business combined to produce a substantial loss.

A breakdown of trading conditions shows: Engineering—U.K. £6.7m. (£6.2m.), Australia £3m. (£3.4m.) and Canada £2.4m. (£2.6m.); Office equipment and supplies £3.8m. (£3.2m.); Lithographic plates and supplies £9.1m. (£6.8m.); Offshore engineering (loss £2.8m.) (£0.1m.); Optical instduments £0.5m. (£0.3m.): Shipbuilding £3.8m. (£4.7m.). Net interal interest includes a £0.1m. credit (£0.5m. debit).

The pre-tax profit includes a £7.97m. (£20.9m.) share of associate profits, with £7.97m. (£19.96m.) contributed by British Aircraft Corporation (Holdings).

The rseult is subject to tax of £11.01m. (£19.16m.).

Earnings per £1 share are shown at 28.1p (40.2p) before extraordinary items. A final dividend of 5.964p net takes the total to 9.814p, the maximum permitted (8.7866p).

	1977 £000	1976 £000
Sales	409.386	424.234
Trading profit	26.617	26.777
Investment income	273	221
Interest	9.793	9.395
Assoc. profits	7.968	20.896
Profit before tax	25.061	38.299
Tax	11.013	19.160
Net profit	14.048	19.139
To minorities	1.393	1.194
Extraordinary losses	1.655	2.376
Attributable	11.000	15.569
Dividends	4.675	4.222
Retained	6.325	11.347

For the future, directors say the company is well placed to take advantage of any upturn in industrial activity for capital goods and, in the meantime, enjoys a strong competitive position in export markets.

However, the uncertainties surrounding compensation for nationalisation, together with the *current lack of growth* in the U.K. industrial economy make forecasting difficult, they say, but some growth in the continuing business is expected.

Directors say that in the interim statment the hope was expressed that negotiations on compensation would have advanced to a stage where it would no wbe possible to take a considered view of the likely outcome.

The company has to date, however, only received a payment on account of £3.05m. in respect of its former 50 per cent. ownership of British Aircraft and on April 21, 1978 an offer of a payment on account of £4m., relating to its former shipbuilding activities, both of these amounts are being accepted without prejudice to later negotiations.

Accordingly, the benefit to the 1977 profit before tax is confined to interest accrued to December 3 on these amounts, totalling £397,000.

It is astonishing, they say, to record that formal negotiations between the Government and the company's stockholders' representatives have not even commenced and this long delay, together with the absence of snubstantial payments on account, is inevitably inhibiting the forward planning of the company and delaying its re-investment programme.

M Y Dart slightly ahead at midway

ON TURNOVER of £7.04m. for the 26 weeks to December 31, 1977 compared with £6.45m., pre-tax profits of M. Y. Dart, sports equipment, packaging materials and pyrotechnics group are shown ahead at £744,000 against £716,000. The comparative figures of turnover and profit were after a pre-acquisition adjustment of £0.38m. and £45,000 respectively.

The interim dividend is raised from 0.26p net per 10p share to 1p, on capital increased from last year's rights issue—last year there was a second interim of 0.64p and a final of 1.274p paid from record profits of £1.71m.

In the first half the packaging and pyrotechnic divisions achieved increases in sales turnover and trading profit, the directors state.

In sporting goods, satisfactory trading was done in the home market and new products were well received. In exporting, the continuing sluggishness of world trade and the strength of sterling in relation to the U.S. dollar have, however, been unhelpful factors, they add.

Expenditure in setting up the warehouse and factory in the U.S., in penetration ne woverseas markets and in the development and marketing of new product lines represents costs the planned benefits from which are not reflected in current results.

The 1977/78 year is proving to be another important year of investment for the expansion of the group; the group has added to its activities by acquiring the business of Dawes Cycles, the directors say. Substantial sums are also being invested to increase the productive capacity of the group's two main packaging businesses, that is in printed cardboard cartons and in moulded expanded polystyrene.

They explain that much of the work and capital expenditure this year will not add to the full year's profits, but they are confident that it is well designed to assist the continued growth of the group at a satisfactory rate.

	26 wks. £000	1976 £000	1976-77 £000
Turnover	7.037	*6.448	*12 632
Pre-tax profit	744	†716	†1,786
Tax	387	372	‡302
Net profit	357	344	1,484
Dividends	134	99	255

* After pre-acquisition adjustment £0.38m. and £1.02. † After pre-acquisition adjustment £45,000 and £86,000. ‡ After relief for stock appreciation and for capital allowances in excess of relevant depreciation.

The directors state that the tax charge for the full year will be alleviated by reasons of capital allowances exceeding relevant depreciation provisions. It is also expected that there will be further relief in respect of stock appreciation.

Wolstenholme Bronze sees progress

Assuming reasonable economic conditions across the world, Mr. Alan Green, the chairman of Wolstenholme Bronze Powders, tells shareholders in his statement that he has every reason to suppose that the company should see satisfactory progress during the current year. All subsidiaries have started 1978 with increased levels of turnover and he is confident that they will again make a significant contribution to profits.

As reported on March 30 taxable profit for 1977 rose some 20 per cent. from £1.17m. to £1.4m. on turnover up from £7.90m. to £9.17m. The dividend is stepped up to 7.8105p (7.03973p).

During the year the group acquired Charles Openshaw and Sons (Manchester) which achieved a pre-tax profit for 1977 of £337,293. But only £33,116 was included in the group results, being the amount earned after the date of acquisition.

Mr. Green says that 1978 has started with a modest increase in the order level for bronze powders, but he says that because of the wide spread of the group's market it is not possible to predict with any accuracy whether this improvement will continue. In terms of productive capacity, the group is "well placed to cope with any increase in demand."

A study was undertaken to establish whether it is possible for Wolstenholme to exert an influence on the demand for gold package printing and the chairman says that the conclusions are encouraging. A programme will now be undertaken to influence the creative designers who originate package design.

Mr. Green says the directors consider that the deferred tax account has now reached an unrealistic level and that the tax charged in the profit is considerably more than is necessary. However, the company has made no change to the accounting treatment so far.

Former chairman, Mr P. L. M Rink, died on March 12, 1978.

Meeting, Bolton, on May 22 at noon

BANK RETURN

—	Wednesday Apr. 26 1978	Inc. (+) or Dec. (−) for week
BANKING DEPARTMENT		
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	24,490,067	+ 1,067,741
Special Deposits	1,258,320,000	—
Bankers	576,964,950	+ 13,027,454
Reserves & Other A/cs	634,713,578	− 47,420,956
	2,361,146,496	− 27,325,760
ASSETS		
Govt. Securities	1,780,861,062	− 191,149,999
Advanced & Other A/cs	167,473,100	− 350,263
Premises, Equip't, & other Secs	375,709,601	+ 143,682,437
Notes	34,952,332	+ 20,495,062
Coin	[illegible]	− 8,997
	2,361,146,495	− 27,325,760
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes Issued	8,000,000,000	+ 75,000,000
In Circulation	7,976,047,668	+ 54,504,938
In Bank'g Dept	34,952,332	+ 20,495,062
ASSETS		
Govt. Debt	11,015,100	—
Other Govt. Secs.	7,151,838,044	+ 55,465,597
Other Securities	837,146,856	+ 19,534,401
	8,000,000,000	+ 75,000,000

Wimpey jumps by £7m.

[..]O TAXABLE profits of [..]m, compared with £44.49m. [..]iously are reported by George [..]pey and Co. for 1977, from [..]ver £100m. higher at £752m. [..]e directors say the result was [..]ved despite the continuing [..]sion in the U.K. construction [..]try and the serious economic [..]gms and intense inter-[..]nal competition in many [..]eas countries.

[..] the U.K. there was a [..]inal increase in turnover [..]an increased share of the [..]e housing market. The [..] increase in overseas busi-[..] required additional borrow-[..] contributing to the turn-[..]d in the interest figures from [..]m. received to £5.36m. paid. [..] rise was, however, offset [..] a jump in associate company [..]ings from £1.41m. to £7.88m. [..] half-time when profit [..]hed £1.5m. to £17.5m., it was [..]rted that U.K. construction [..]rs had ceased to decline [..]ough at the expense of [..]gins. Private house sales [..] said to be proceeding [..]sfactorily.

[..]fter tax of £26.7m. (£24.38m.) [..] a minority credit of £0.76m. [..]7m. debit), attributable profit [..] £25.43m. compared with [..]45m. last time.

[..]arnings per 25p share are [..]wn at 9.9p against 7.6p and [..] dividend for the year is a [..]imum permitted 0.69035p [..]968p).

[..]xchange losses — mainly [..]ting to Canada — on consoli-[..]ion of reserves, investments in [..] current accounts of over-[..] subsidiaries and branches [..]unted to £8.2m. (£5m. profit), [..] have been charged to [..]rves.

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims: Construction Holdings, James Halstead, S. Lyles, Pochins, RCF.

Finals: Allebone, Bremner, Burrell, Campbell and Isherwood, Hammerson Property and Investment, House Property of London, Office and Electronic Machines, Prince of Wales Hotels, Scottish Ontario Investments, Silhouette (London), Tove, Whatman Reeve Angel, W. Williams.

FUTURE DATES

Interims—	
Avon Rubber	May 24
NSS Newsagents	May 15
Silverthorne	May 5
Finals—	
Allied Irish Banks	May 10
Anglo American Corpn. S. Africa	June 5
Barlows	May 9
Boots	May 18
Charter Consolidated	June 6
Haden Carrier	May 3
Industrial and General Trust	May 15
Sainsbury (J.)	May 3
Slingsby (H. C.)	May 5
Towles	May 27
Trust Union	May 24

Turnround by P. & W. Maclellan

After a small drop in halftime profit from £51,111 to £48,000, P. and W. Maclellan ended 1977 with a pre-tax surplus of £106,234, compared with a £56,249 deficit for all 1976. Turnover was slightly down at £5.36m. against £5.45m.

The directors state that although the economy in general does not appear to be showing much sign of recovery, they believe that the re-organisation of the company is enabling it to obtain a better share of the market.

Although progress may be slower than they would like, the directors look forward to a further step in the right direction during 1978.

A final dividend of 0.8p (nil) net steps up the total for the year from 0.5p to 1.3p per 20p share.

The 1977 result was after bank and loan interest of £164,771 (£135,831) and depreciation £96,113 (£97,856). Tax takes £22,417 (£43,752 credit) and after a £43,315 (nil) gain on the revaluation of property now realised and transferred from revaluation reserve, available surplus emerged at £127,332 (£12,497 deficit).

AMC still sees dull markets

[..]r John Saunders, the chair-[..] of Amalgamated Metal [..]poration, tells shareholders in [..] annual statement that pros-[..]ts for 1978 unfortunately [..]gest that dull markets will [..]tinue.

[..]s reported on April 13, after [..] exceptional loss of £1.8m. [..]ng a fraud by a supplier in [..] Far East, pre-tax profits for [..]7 fell from £7.95m. to £6.12m. [..] the dividend is increased to [..]12p (14.1579p) net.

[..]ir John says that world [..]nomic growth during 1977 was [..] an even slower rate than [..]icipated and thus there was [..]e impetus for an improvement [..] commodity prices.

[..]he group applied the ED 18 [..]ounting basis in 1977 but the [..]irman says that it failed to [..]ow the originally expected [..]h of development towards [..]oming a full accounting stan-[..]d. For the time being he says [..] has been replaced by the Hyde [..]delines on inflation accounting.

INCH KENNETH

At the EGM of Inch Kenneth Kajang Rubber held on April 27 the resolution altering the articles of association to effect the transfer of residence to Malaysia was passed.

House of Fraser to spend £19m. this year

[..]ME £19m. of capital spending [..] planned by House of Fraser [..]s year, both on new projects [..] on the updating of existing [..]res.

[..]ir Hugh Fraser, the chairman, [..]s in his statement with the [..]ounts that later this year a [..]w Rackmans Stores opens in [..]rincham, the group intends [..]ving into a new development [..] St. Albans, a new computer [..]tre has been contracted for [..] work has been on hand for [..]e time at Wood Green for an [..]itional D. H. Evans store.

[..]n view of the increase in fixed [..]et investment and the natural [..]rease in stocks and debtors, [..] company took on a further [..]m. of longer-term loans in [..]7-78. Since the January 28, [..]8, balance-sheet date further [..]ns have been concluded.

[..]ir Hugh says it is too early in [..] year to comment on the [..]ure prospects, but says turn-[..]r has been well maintained [..] he is confident the company [..] maintain its position as [..]er in its field.

Accounts show that in 1977—when profit before tax climbed from £27.66m. to £36.2m.—fixed assets rose from £162.58m. to £173.52m., and net current assets from £54.75m. to £84.3m., with cash up from £2.85m. to £16.12m., U.K. overdrafts down from £5.1m. to nil, debtors £13m. higher at £85.6m. and creditors £1.84m. higher at £46.7m.

For the year there was an increase in net liquid funds of £18.41m. (£5.37m. decrease), and after additional depreciation of £2.9m., cost of sales of £9.4m. and a £1.66m. gearing adjustment, current cost profit was £25.51m.

Sir Hugh's beneficial or family shareholding of 373,097 Ordinary shares was sold in the year, while as a trustee his holding rose from £2.48m. to £2.98m.

As at March 30, Lonrho held 23.61m. shares (19.43 per cent.) with an option to buy a further 1.41m. shares, while its bid target Scottish and Universal Investments held 10.29 per cent. of shares.

Meeting, Glasgow, June 22 at noon.

[R]ESULTS AND ACCOUNTS IN BRIEF

[A]TLANTA, BALTIMORE AND CHICAGO [REG]IONAL INVESTMENT TRUST—Gross [..]me £51,918 (£73,779) for six months [..]arch 31, 1978. Interest and expenses [..]94 (£45,956). Revenue £33,924 (£27,803), [..]e tax £16,988 (£14,059). Net asset [..]e per Ordinary share 63.6p at March [..] (64.0p at September 30, 1977).

[..]ILGRAVE (BLACKHEATH) (manu-[..]rer of steel forgings and nuts and [..])—Dividend 2.86p net (2.6p) per 25p [..]e for year to January 31, 1978. Profit [..]052 (£199,114) before tax £154,102 [..]1,747).

[..]ILHAVEN BREWERY—Turnover of brewery division for the first three [..]ths of 1978 totalled £523,000 (£440,000).

[C]ANADIAN AND FOREIGN INVEST-[MEN]T TRUST—Gross revenue for year to [..]ch 31, 1978, £570,763 (£516,779). Earn-[..] per 25p share 4.2p (3.55p). Net asset [..]e 145p (131p). Final 2.35p, making [..] (3.1p) net.

[CH]ANNEL ISLANDS AND INTER-[NAT]IONAL INVESTMENT TRUST—Pre-[..] revenue for 1977 £201,942 (£128,729). [..]ey tax £29,908 (£23,562). Net asset [..]e of capital shares 516.5p (393.3p). [..]dend 15p (12.5p).

[CI]TY AND FOREIGN INVESTMENT [COM]PANY—Net asset value as at April [..] 1978, estimated at 73p per 25p share.

[SC]OTTISH ICE RINK COMPANY (1928) [..]e-tax profit £13,486 including income [..] investments £868 and depreciation, [..]n fees and expenses, and interest [..] bank overdraft £6,767. Profit after [..] £7,726. Earnings per share 17.17p [..]3p).

[C]ROSSFRIARS TRUST—Gross income [..] six months to December 31, 1977, [..]184 (£237,621). Attributable to [..]inary shareholders £146,531 (£133,403) [..]r tax of £80,565 (£76,299) and manage-[..]nt costs £38,788 (£28,010). Net asset [..]e 104p xd (74.8p xd).

[E]NGLISH NATIONAL INVESTMENT—[..]ss income for year to March 31, 1978, [..]4,728 (£178,956). Deduct interest £35,821 [..]488), management expenses £20,617 [..]850), tax £46,891 (£45,425). Earnings [..] 25p Preferred share 1.99p (1.70p) and [..]p (1.91p) per 25p Deferred share. [..]al per Preferred share 1.04p, making [..]p (1.69p) and 1.71p, making 2.42p [..]9p) per Deferred share. Net asset [..]e per Preferred share 33.1p (29.7p) [..] per Deferred share 57.3p (49.9p).

[E]PICURE HOLDINGS—Turnover for [..] year to December 31, 1977 £0.84m. [..]81m.). Pre-tax profit £25,803 (£40,280). [..] £6,618 (nil), extraordinary debits [..]36 (nil). As previously reported full [..]r profits forecast at £0.25m. and a [..]p net dividend expected.

"INVESTING IN SUCCESS" EQUI-[TI]ES—Net asset value as at April 11, [..]8, 189.65p (189.01p at January 31, 1978).

[K]WAHU (finance company)—Gross [..]ome for half year to end 1977 £38,796 [..]1,019). Profit £37,991 (£34,852), before [..] £15,278 (£12,783).

[L]E VALLONET INVESTMENT TRUST [CO]MPANY—Profit for 17 months to end-[..]7 £74,492 (£37,137 for previous year). [..]idend 3.125p (1.5p) gross per 25p [..]re. Air Call has waived its dividend on 64 per cent. of capital.

MAJEDIE INVESTMENTS — Income £239,257 (£167,364) for six months to March 31, 1978. Pre-tax profit £172,217 (£117,065). Tax £67,295 (£46,092). Earnings per share 0.74p (0.49p), asset value per 10p share 53.62p (43.51p).

MORAN TEA HOLDINGS—It has become necessary for the financial period of the group to end at December 31, 1977, in order to comply with the requirements of the Indian Government to transfer the business of the company to an Indian company (The Moran Tea Company (India)). The company in the U.K. has consolidated its activities in the property field, following the acquisition of Litchfield and Soundy and Warner (Warehousing), by negotiating the purchase of the freehold of the majority of the Wapping premises. An industrial site in Manchester has been acquired for development in 1978. The investment portfolio has been reduced and a useful contribution to profits obtained. With the imposition by the Indian Government of an Export Duty in April, 1977, amounting to Rs 5/- per kg. and other imposts, on costs have been considerably higher, to the extent of 40p per kg. With the lower prices currently ruling in London, profit cannot be expected to be in the region of that achieved in 1976, which was exceptional. Interim dividend of 5p net.

RHODESIAN CORPORATION—Pre-tax profit £695,621 (£463,811) for year to September 30, 1977. Tax £260,472 (£232,405). Retained amount £470,189 (£475,818). Earnings per 10p share 4.5p (2.6p) and 4.8p (4.3p) on profit after tax and extraordinary and other items.

SAFEGUARD INDUSTRIAL INVESTMENTS—Net revenue before tax £267,544 (£288,892) for six months to March 31, 1978. Break-up value per 25p share 92.4p (93.8p adjusted). A number of listed and unlisted investments were realised during the period resulting in a reduction of income in half year. Funds realised have been reinvested and are expected to produce additional income in second half. Interim dividend 1p net (same and 3.0p total).

SAINT GEORGE ASSETS—Pre-tax profit 1977 £26,640 (£23,694). Tax £9,232 (£7,359). Final 0.3398p (0.3065) for total 0.4608p (0.4365). Earnings per 10p share 0.82p (0.433p).

SPENCER GEARS (HOLDINGS)—Turnover for half year to December 31, 1977, £1.9m. (£1.59m.), pre-tax profit £165,776 (£101,916), tax £43,274 (£42,217). Earnings per 5p share 1.37p (1.31p). Interim 0.35p (same). Proposed scrip issue of one-for-one. Board states that the second half of the year should continue the established pattern of the group with by far the greater part of the profit coming in this period.

WIGHT CONSTRUCTION HOLDINGS—Turnover for year to January 31, 1978, £9.14m. (£8.79m.). Pre-tax profit £572,643 (£582,911), including investment income £396,818 (£337,072); tax £271,278 (£298,907). Earnings per 25p share 20.69p (15.89p). Final 4.750p, making 7.3p (6.7150p).

Tootal moves ahead £4m. to record £21.77m.

Pre-tax profits of Tootal, thread and textile manufacturing group, finished the year to January 31, 1978 ahead from £17.78m. to a record £21.77m. after a first half lead of £2.6m. to £8.84m. Sales for the year were up from £324.6m. to £381.2m.

The directors state that in the second half the improvement in U.K. results continued and a declining profit overseas was arrested, with group activities in Australia making record profits.

Results for the current year will depend to a large extent upon the degree of expansion of world trade and a recovery in consumer spending in the U.K., they add.

Trading conditions so far have not been easy but they say some encouragement can be drawn from preliminary indications of bookings for the second half of the year. The group expects to maintain its present course, aided by the benefits of recent acquisitions and continuing reorientation to exploit changing market demands.

Earnings per 25p share are shown as 8.1p (5.9p) and dividend is stepped up to 2.7238p (2.4639p) net with a final of 1.8238p.

The directors state that the effect of the acquisition of Slimma Group during 1977-78 was to increase sales by £13m. and trading profit before interest by £0.9m.

Export sales from the U.K. were £55.2m. (£45.1m.), they add.

	1977-78 £000	1976-77 £000
External sales	381,181	324,645
Trading profit	29,459	24,422
U.K.	16,917	11,558
Textile	15,449	10,217
Retail	1,118	1,140
Non-textile	350	201
Overseas textile	11,642	12,504
North America	[illegible]	4,435
Africa	2,901	3,281
Asia	2,153	2,406
Australasia	2,323	1,921
Europe	335	241
Assoc. companies	925	850
Central expenses	1,613	1,254
Interest	8,000	6,347
Profit before tax	21,774	17,777
Tax	7,073	7,446
Net profit	14,701	10,331
Minority interests	197	707
Extra-ord. debit	—	190
Attributable	14,504	9,434
Pref. divs.	296	296
Ordinary divs.	4,873	4,105
Retained	9,435	5,033

Trading results of overseas subsidiaries and associated companies are included in the group results by reference to year-end rates of exchange. Differences in exchange rates between the beginning and end of the year reduced the sterling equivalent of profits from overseas activities by £0.7m. and also resulted in a charge to reserves of £3.9m. (credit of £4.4m.) on reconversion of foreign currency assets and liabilities as at February 1, 1977.

Expenditure on fixed assets, net of grants, was £11.4m. (£10.4m.) of which £6.3m. was in the U.K.

As at January 31, 1978, shareholders' funds were £108.2m. (£97.8m.) and net borrowings were £54.8m.) and net borrowings were £34.8m. (£46.8m.).

The group does not expect the multi-fibre agreement to have much impact on its business this year, but is looking for significant benefits in 1979.

Sir George Kenyon, the chairman, warns however that a great deal will depend on the effectiveness of import surveillance. He says that order booking fell towards January and has continued rather dull, but bookings for the autumn are "very good indeed."

While working capital rose somewhat last year, the company stresses that it has a "very easy" situation on borrowings and no rights issue is in contemplation at the moment.

Further capital spending of some £20m. is projected for the U.K. over the next two years or so, of which around £8m. will be for spinning and weaving and £4.5m. for fabrics. Overseas the group expects to spend between £10m. and £13m., including the Philippines and other South East Asian areas.

Tootal is also on the lookout for more acquisitions. With a £40m. to £50m. operation in America the company is "looking actively" and is prepared to spend some £10m. on the right deal. It is also interested in further acquisitions in the U.K.

See Lex

Hoover's first quarter fall

WITH BOTH U.K. and overseas *trading conditions depressed* in the first quarter of 1978, sales of Hoover dropped 16 per cent. to £40.06m., and pre-tax profit from £3.66m. to £2.4m.

The downturn was anticipated by directors, and the pre-tax figure comprises trading profits of £1.45m. (£3.88m.) and exchange gains of £0.95m. compared with losses of £0.22m. The contribution from the 50 per cent. owned Hoozer (Holland) dipped £22,000 to £12,000.

After tax of £0.73m. (£2.07m.), earnigs per 25p share are shown unchanged at 8p. For all last year, profit fell £4.73m. to £12.24m. and dividends of 14.82 net were paid.

Directors hope market conditions in the U.K. will show some growth when the tax reductions anounced in the Budget take effect. The relaxation of controls in credit sale arrangements may also provide a minor stimulus.

Generally there is little change in the position overseas. Improvements have been seen in some countries and it is expected that better conditions may develop in other countries as the year progresses.

The range of new products recently anounced has been well received by dealers both in the U.K. and overseas and supplies are now begining to reach the shops. It is expected that these will play a significant role in maintainig its leading position in a fiercely competitive market, they say.

● comment

Market forecasts for Hoover's first quarter trading profits were widespread but most were in the £2m. to £3m. range. So the 63 per cent. *fall* to £1.45m. *is disappointing*. Admittedly the latest figures are comparing with a quarter which saw considerable restocking by retailers after the mini-boom in domestic appliance sales at the end of 1976, but the underlying trading pattern is still very poor. January industry figures *show that manufacturers'* deliveries continue weak and with most retailers carrying reasonably high stocks any revival in consumer buying may not work through to Hoover until the second half. Possibly the Budget might speed up the recovery in *consumer spending* and inject a bit more *profit into* Hoover's second quarter but even so the *half year figures* will have little chance of matching the comparable period. However, as demand picks up and Hoover is able to unload some of the hefty stocks profits should start to improve and most analysts are aiming for higher trading profits for 1978 as a whole, though again the spread of forecasts is wide. On a yield of 6.8 per cent. the shares at 330p are high enough for the present.

See also Page 34

WHITECROFT BUYS

...Whitecroft, the textile to building group has acquired the capital of Moorlite Electrical designers and manufacturer of specialist lighting systems for £3.24m. cash.

The acquisition, says Whitecroft, will complement its building supplies interests.

Pre-tax profits of Moorlite for the year to March 31, 1977 totalled £648,000, while net assets (including deferred taxation of £572,000) were £2.25m.

50% growth for Smurfit

PRE-TAX profits of Jefferson Smurfit Group rose by 50.6 per cent. from £10.58m. to a record £15.93m. for the year to January 31, 1978, on turnover ahead by 23.8 per cent. from £141.9m. to £175.7m.

At halftime the group reported profits up from £4.62m. to £6.33m. and the directors were confident *that the group's traditional* pattern of higher earnings in the second half, would follow.

The directors now say that the growth in sales terms is underlined by the volume increases in the group's major businesses. And the substantial profit growth reflects the positive investment *policies of the past, they say*, as well as current efficiencies and profit recovery situations.

The current year has started quietly for Smurfit but there is confidence that it will be a good year, although the directors say it is a little early yet to measure just how good. Economic predictions for Ireland are exciting, they say, and the U.K. should move forward. The U.S. business scene is *improving, they state*, but in Nigeria some special attention, they feel, will be needed.

Earnings per 25p share are shown as 19.2p (11.3p) on capital increased by a one-for-three scrip issue, and the dividend is effectively raised *from 5.4721875p to 7.342p* with a final of 4.867p.

In Ireland sound economic conditions provided a healthy environment for trading and the results there were good. The business climate in the U.K. in the latter part of 1977 remained fairly static and while overall performances by group companies were good there was a certain sluggishness in some areas.

The directors report "a disappointing year" from the U.S. activities but the base of the business which *is* paper and packaging was stable. The major problem company, O'Connor Drug, has been disposed of, they add.

In Nigeria the year finished *strongly, they say*, but business in general there is finding the economic climate tough; "We enjoyed good returns during 1977 but these will be difficult to sustain."

The participation by Svenska Cellulosa Aktiebolaget (SCA) in *49 per cent. of the group's* corrugated interests from August 1, 1977 means a loss of after tax earnings from that source. This has been compensated for in the period, by the interest income on the outstanding considera[tion of] £16.5m.

There was an extrao[rdinary] credit this time of £10.6m. ([…] debit) and the directors [say this] reflects a profit on the d[isposal] of assets in the SCA tran[saction] offset by extraordinary los[ses on] two businesses which have [been] terminated.

	1977-78 £000
Turnover	175.68[…]
Trading profit	17.58[…]
Invest. income	2[…]
Interest	1.78[…]
Share of assoc. companies	11[…]
Profit before tax	15,93[…]
Tax	4.83[…]
Holding co. and subs.	4.81[…]
Share of assoc. cos.	2[…]
Net profit	11,09[…]
Minorities	1.96[…]
Attributable	9.13[…]
Extraord. credits	10.56[…]
Making	19.69[…]

† Debits.

Total assets increased [from] £50.71m. to £68.02m. and [net assets] per share increased by [… per] cent. at the year end t[…] The overall balance-she[et is] strong with borrowings [… and] cash amounting to £12.6m. [… the] receipt of over £18m. [on] January 31, 1978, in resp[ect of] the SCA transaction has p[ut the] company into an overall ne[t cash] position as of that date.

The accounting treatme[nt of] deferred tax has been ch[anged] in accordance with ED 19 a[nd has] resulted in a £3.9m. relea[se of] deferred tax into the capita[l …] of the company, going t[o the] credit of the shareholders [… in] revenue reserves.

● comment

Jefferson Smurfit has main[tained] its growth rate in the secon[d half] and full year profits are 5[… per] cent. higher. A volume r[ise of] around 5 per cent.—s[…] higher in the paper and [...] activities—has lifted margi[ns by] around one and a-half p[…] 9 per cent. The main boo[st has] come from flexible pack[aging] (principally in the U.K.) [where] sales are 14 per cent. high[er at] £31m. Elsewhere, corrugated [case] making activities jumped 1[…] cent. while folding cartons [and] merchanting sales were [more] than one-sixth higher at [...] Outside the U.K. and Ir[eland] (three-quarters of group [...]) there was a useful contrib[ution] in Nigeria with sales more [than a] third higher. The share[s at] 194p (up 5p), are on a p[/e of] 9.9 while the yield is 5.9 per [cent.] This compares with a [...] average of 6.9 and 9.2 per [cent.] respectively.

Norwich Union active in equity purchases

Norwich Union Insurance Group intends to invest a significant proportion of its new money in equities during the current year, following a period of years *when its investment in this sector* has been confined almost entirely to taking up rights issues. This was revealed yesterday at the publication of the 1977 report and accounts. The group has already been active in equity purchases during the first quarter of the year.

Mr. Desmond Longe, in his chairman's statement, reveals that only £9m. out of the £125m. available last year was invested in Ordinary shares mostly by taking up rights. In 1976 only £12m. out of £110m. was invested in this sector. Last year most of the new money—£75m.—was invested in gilts where yields were still *very high*.

However, it was revealed that the majority of new money available this year will still be put into fixed-interest and the group will still be activey involved in property investment, primarily through developments. Last year £32m. was invested in property, with the group being involved in a number of substantial commitments including a commercial project at Euston Station and a comprehensive city centre development in partnership with Peterborough Development Corporation.

At the end of 1977, gilt holding in the life funds amounted to £417m. and accounted for 22 per cent. of the total assets of £1,907m. Equities at £370m. accounted for a further 19 per cent. and property at £550m. a further 29 per cent.

Anual premium income o[f life] *funds in 1977* rose by over 1[…] cent. to £188m., single prem[iums] were nearly £4m. higher at [...] while *investment income* [in]come increased by 18 per ce[nt. to] £136m. Claims and expenses [were] £11m. higher at £169m. [After] allowing for exchange a[djust]ments and a transfer from i[nvest]ment reserves, the value of [...] at the end of 1977 stoo[d at] £1.28bn., compared with £1.[…] at the beginig.

The Fire Society had a [...] *successful year* reports *Mr. L[onge]* with record pre-tax profit[s of] nearly £27m. and an underwr[iting] profit of £5.5m. compared [with] nearly £5m. in 1976. The [...] portfolio, which now account[s for] 80 per cent. of the total inc[ome] achieved a growth rate of 3[…] cent. A dividend of nearly [...] was paid to the *Life Society*[, the] shareholders of the Fire Soc[iety].

Mr. Longe reports that the [...] motor account has run satisfa[ctorily] *with an underwriting profi[t of]* £1½m. and a premium incom[e of] nearly £85m. The U.K. [...] account was also satisfac[tory] *although losses in November* [and] December were exceptionally [high] *—coinciding with the firem[en's]* strike. Burglary and pers[onal] portfolios had been adve[rsely] affected by the rising crime tr[end] but *the number of subsid[ence]* claims last year had fallen [...] the 1976 level. The investmen[t ...] Norwich Winterthur showe[d a] *satisfactory return of* £2.9m. [...] tax against £2.7m. in 1976.

Although last year was not [...] *generally for banking, Mr. L[onge]* reports satisfactory progress [on] this side with profits after [...] up to £2.2m. from £2m. in 197[6].

Vosper spending starts in Singapore

WITH TWO of its major subsidiaries having been nationalised the directors of Vosper intend to rebuild the group in the U.K. and overseas. They are currently studying various proposals, and existing resources will permit them to proceed with suitable opportunities as they arise. However, any major development will depend on the amount of compensation finally received, says Sir David Brown, chairman.

He states that he is still unable to give any comfort to holders on the likely outcome of the negotiations for determining compensation. *It* is pointed out however that net assets which passed to British Shipbuilders on July 1, 1977 amounted to £25m., on which the company had been earning a return "considerably" higher than the average for British industry.

In the report the auditors say they are unable to express an opinion on the value placed on the nationalised interests or on the total amount of compensation. The directors express the opinion that the value is "very substantially" in excess of the book value of £10.05m. and in March Mr. Ken Ford, financial director, suggested a fair figure would be between £25m. and £30m.

Commenting on Vosper's Singapore subsidiary, Sir David says the company had a very satisfactory year in 1977 with profits substantially higher than those of previous years. In order that they may be *in* a position to meet potential world markets the directors are currently studying proposals for improving and developing facilities in Singapore and plan to spend in the order of S$15m. (some £4m.) over the next five or six years.

On prospects of this subsidiary Sir David says the company continues to trade very satisfactorily and he looks forward to the future with confidence.

As reported on March 15, turnover for the year to October 31, 1977, amounted to £80.[…] (£98.5m.) and pre-tax pr[ofits] £2.19m. (£6.24m.). These fig[ures] however include only an e[ight] month contribution from [the] nationalised subsidiaries. [Had] *these contributed for the full* [year] Sir David says he has little d[oubt] that taxable profits would [have] exceeded £8m.

This is to be Sir David's [last] annual statement as chairm[an.] He shall have resigned from [the] Board before the AGM, to be [held] at 32, Curzon Street, W.[…] May 24, at noon. With the ag[ree]ment of holders he will then [be] appointed president for life.

Record £0.3m. for L. K. Industrial

With turnover 9.5 per c[ent.] higher at £3.87m. pre-tax pr[ofits] of L.K. Industrial Investm[ents] jumped 34 per cent. from £232[…] to a record £310,000 in 1977.

Attributable profit was £213[…] (£35,309) after tax of £97[…] (£98,144). Last year there w[ere] extraordinary debits of £98,73[…]

Mr. Michael Slocock, the ch[air]man, says the new year [has] started promisingly and the di[rec]tors are budgeting for hig[her] sales and profits in 1978.

He says the 1977 result[s have] created a sound base for fu[ture] expansion and that the four p[ro]fit centres of the company can [be] expected to develop their bu[si]nesses strongly in coming year[s].

"We shall continue to try [to] develop our management te[am] and to overcome the various di[ffi]culties which all manufactur[ing] companies face."

Earnings per 25p share [are] shown ahead from 5.58p to 8.[…] A final dividend of 1.8p net ta[kes] the total for the year to 2.6p, [the] maximum permitted, compa[red] with 2.336p last time. Rights [to] the dividend have been waived [on] 125,000 shares.

Tarmac rise to £24m.

DESPITE a £0.87m. trading loss from overseas operations and excluding the £16m. of provisions and losses from its Nigerian operations, taxable profit of Tarmac rose from £22.5m. to £24.16m. in 1977 on turnover ahead to £663.53m. from £521.15m.

A below the line debit of £16m. for losses and provisions in respect of Cubitts Nigeria has been covered by a £16m. transfer from reserves.

At halftime, when profit was up from £9.24m. to £9.97m. it was suggested that £12m. would be reserved for Cubitts, but the company's activities are now being reduced in scope and size and since then no major contractural or other settlement has been reached.

Mr. Robin Martin, the chairman, says he does not want to give the impression that there is no likelihood of improvement.

Most of the £16m. represents losses in connection with two contracts entered into prior to the acquisition of Holland, Hannen and Cubitts on September 1, 1976 from Drake and Scull. Tarmac and Drake ar ein litigation.

Directors of Tarmac consider that it is now apparent that very substantial losses were inevitable from the time of commitment of these contracts and that no ascertainable part of the total could be attributed to the period subsequent to acquisition.

Mr. M. Abbott the *chairman of* Drake and Scull says the losses incurred by Cubitts Nigeria in no way alters or weakens the position of Drake in the legal dispute with Tarmac.

"Tarmac's lawyers have approached Drake and Scull's lawyers yesterday to suggest that *discussions* be resumed with a view to reaching a settlement.

"Drake and Scull has responded positively to this approach on the stated understanding that such discussions will lead to further monies being paid to Drake and Scull in respect of the sale of Holland Hannen and Cubitts to Tarmac."

Elsewhere in 1977, the U.K. trading profit rose 19 per cent. to £30m., reflecting good performances from every major division. The properties division also showed a turnround to a useful profit.

The *international division* results were badly affected by losses on two projects in the Middle East, both now complete, and the quarry products division's excellent U.K. results were reduced by a serious £2.4m. loss in West Germany.

For the future, Mr. Martin says that trading has suffered from the poor 1977-78 winter weather, but he believes that U.K. trading for the remainder of the year will be satisfactory with the quarry products, housing and properties divisions showing larger profits.

Overseas, Tarmac will have to improve its performance, but German and French trading will remain a matter of concern.

Despite the drain on resources caused by the Nigerian problems —net assets were cut from £143.46m. to £129.6m., with short-term debt £17.9m. higher at £14.72m.—*the total dividend* is lifted from 8.778p net per 50p share to 9.804p with a final of 6.234p.

	1977 £000	1976 £000
Turnover	663,532	521,149
Profit	29,087	27,717
Interest	4,925	2,445
Exceptional loss	—	2,779
Profit before tax	24,162	22,502
Tax	12,536	12,532
Net profit	11,626	9,970
To minorities	42	338
Extraordinary loss	1,493	*245
Losses and provisions†	16,000	—
From reserves	16,000	—
Attributable	10,091	9,887
Pref.	11	11
Attributable to Ord.	10,080	9,876
Ord. dividends —		
Interim	1,995	1,938
Final	3,438	2,893
Retained	4,676	5,045

* Profit. † In respect of Cubitts Nigeria.

See Lex

£1.48m. at Flight Refuelling

AFTER BEING ahead at the halfway stage from £430,000 to £660,000, Flight Refuelling (Holdings) advanced in the latter half and finished 1977 with record taxable profits of £1.48m. against £0.98m. last time. At six months the directors said that the upward trend in turnover and profits would continue during the second half. Turnover for the year was ahead from £8.78m. to £10.74m.

Stated earnings per 25p share are 12.54p (8.23p) and the dividend is lifted to 2.853p (2.581p) with a net final of 1.753p.

Tax for the year took £779,144 compared with £511,490 and the attributable profit came out at £702,121 against £460,999. For 1976 there was a £40,000 transfer to capital redemption fund. The amount retained this year was £540,840 (£277,973).

The group manufactures specialised equipment for the aircraft, nuclear and electronics industries.

London Brick chief cautiously optimistic

EXPRESSING cautious optimism for the current year at London Brick Company, Sir Ronald Stewart, chairman, reports that brick deliveries to date have shown a marked improvement over the corresponding period. While the rate of increase is unlikely to be maintained, forecasts indicate that housing starts will be higher in 1978 than they were in 1977.

The company has held its prices since August last year but Sir Ronald states that a review will be necessary early in this year.

As reported on April 7, taxable profit for 1977 improved from £10.52m. to £12.17m., after strong earnings growth in the second six months which reversed a mid-term decline.

In spite of a decline in demand production was maintained throughout the year. The result was abnormally high stocks, which by the end of the year represented over six weeks' production. The decision not to cut output reflected the directors' confidence in the longer term improvement in demand, says Sir Ronald.

A notable feature of the year was that for the first time turnover from activities other than clay products reached 30 per cent. —evidence of the company's broadening base of activities. A breakdown of divisional turnover (in percentages) and trading profit (£12.62m.) shows: clay 70 and £10.54m.; other products 28 and £1.56m. and services, farm sales and rents 2 and £0.5m.

The increasing activity that the company has in overseas markets was again reflected in the value of goods exported which amounted to £4.27m. (£1.5m.). The joint venture in Iran progressed well and a further joint venture has been established in Nigeria; a country which, Sir Ronald tells members, has enormous demand for the products to be produced.

The company has been successful in tendering to the GLC for two large domestic waste contracts. The first of these is "The Hendon Rail Transfer Scheme" and the second is for the reception and disposal of domestic waste from Hillingdon.

On a current cost basis, trading profit before interest and tax (£12.62m. historic) was £8.97m., after deducting depreciation of £2.01m. and £1.64m. for cost of sales. Profit before tax was £8.99m. after a £468,000 gearing adjustment.

A statement of source and application of funds shows a £3.52m. (£0.2m.) increase in creditors and a £8.86m. decrease (£3.76m. increase) in cash balances. Working capital decreased by £2.99m. compared with a £6.38m. increase.

Meeting, Connaught Rooms, W.C., on May 25, at noon.

● GKN ANNUAL REPORT

A difficult year ahead

BY RICHARD LAMBERT

Guest Keen and Nettlefolds is looking for a substantial increase in its North American business in the next few years. But its annual report, published to-day, shows that trading conditions for the group as a whole are again *proving difficult in 1978*. It also emphasises GKN's disappointment with the recent decision of the West German Supreme Court against its acquisition of a controlling interest in Sachs AG.

In North America, a new factory producing constant velocity joints for front wheel drive cars is scheduled to be in operation by late 1979. Together with its associated plant and working capital requirements, it will cost about £50m., and be capable of producing equipment *for* 400,000 vehicles a year.

This will transform the scale of the group's operations in America, where sales last year totalled just £22m. And it will come at a time when demand for constant velocity joints will be shooting up as a result of a major switch to *front-wheel drive* in the U.S.

GKN expects that more than 50 per cent. of U.S. cars produced in 1985 will have front wheel drive, against only about 1 per cent. now. It plans to supplement its U.S. production with joints produced by its European plants, which are currently producing very roughly 3m. car sets a year. In 1977, exports to North America rose from £24m. to £39m.

"This is an area of real growth in our company," chairman Mr. Barrie Heath said at a Press conference this week. "*And it is* one that we are supporting strongly for the future."

In the shorter term, however, there are signs of some fall off in the overseas automotive component companies after their substantial growth in recent years. GKN thinks that overall car production on the Continent will be marginally lower this year, and truck production in France and Germany could drop by 6 or 7 per cent. It is also less optimistic than some about the likely level of car production in the U.K. this year, which it puts at 1.4m. units against 1.328m. in 1977.

At the same time, the group's primary metal product businesses remain in the trough of a recession. According to the chairman's statement: "Any slight improvement in trading is liable to be seen as a forerunner to a return *to boom conditions*, but given the existing level of excess capacity, this is unlikely for some time."

Last year's problems were compounded by commissioning costs at the new rod mill in Cardiff. These are now being overcome, *and work is proceeding* on schedule on a £47.6m. development at the Brymbo works, planned for commissioning in August, 1979.

While the steel side remains flat, GKN is now sounding more optimistic about its wholesale and industrial distribution interests, which include steel stockholding. Profits last year were heavily squeezed by overstocking and competition from low cost imports. The position has since improved as a result of Government action on a national and international level, and GKN says there has also been a perceptible upturn in its other distribution companies.

GKN's other major business grouping lies in general and civil engineering products and services. This side accounts for as much as 35 per cent. of capital employed, but last year it produced profits *of only £14m. on sales of £485m.* Industrial fasteners met increasing competition from areas of low cost production; difficult trading conditions for welding equipment and consumables persisted throughout the year, and the U.K. reinforcement side produced poor figures. The foundations and scaffolding operations did well at home, despite pressu[re on] margins, but the overseas [activi]ties were disappointing.

The group is now makin[g] efforts to improve its retur[n on] these businesses, by incre[asing] efficiency where possible [and] otherwise facing up to d[...]ments or closures.

Among the associates, trading results of Sachs—in [which] Guest Keen has a near 25 [per] cent. holding—are not disc[losed] but were apparently on a s[imilar] level to 1976. The chances o[f the] group succeeding with its cu[rrent] appeal to West German Mi[nistry] of Economics in respect o[f the] Supreme Court decision do [not] look high. But Guest Keen [says] it has no plans to sell its ex[isting] shareholding, and that it ["has] quite a lot of other irons i[n the] fire."

Most of the financial data i[n the] report was released with the [pre]liminary statement earlier [this] month. One important new [point] is the indication that p[rofits] calculated on the Hyde Guide[lines] would drop from £72m. to [...] pre-tax. This a surprisingl[y small] reduction, given that the gr[oup's] depreciation charge include[s an] additional adjustment for [infla]tion. One explanation is Guest Keen's low gearing [...] it with only a modest cred[it on] this score (one of the fallaci[es of] Hyde, according to fi[nance] director Mr. Paddy C[...]. Another is that Hyde requi[res no] provision against plant that [has] been fully written down in historic cost figures.

The final message is that [the] outcome for 1978 will depend largely upon the extent of *improvement* in trading condi[tions] as the year progresses and [the] success of any measures take[n by] governments to stim[ulate] economic recovery." This deliberately vague prediction [...]perspective brokers J. and Scrimgeour suggest in their [...] circular that profits will rec[over] modestly to £80m.-£83m. pre[-tax].

MONEY MARKET

Rise in interest rates

Bank of England Minimum Lending Rate 7½ per cent. (since April 11, 1978)

Interest rates continued to harden in the London money market yesterday, reflecting the uncertainty surrounding the future trend in Bank of England Minimum Lending Rate. Three-month sterling certificates of deposit rose to 8⅛-8 per cent., while the buying rate for three-month Treasury bills at 7⅛-7 1/16 per cent. still indicate a rise in MLR under the market related formula if repeated at to-day's Treasury bill tender. Nevertheless, conditions remain nervous.

Day to day credit appeared to be in short supply and the authorities bought a moderate amount of Treasury bills from the discount houses and a small amount of local authority bills. Total assistance amounted to a moderate level.

The market was helped by banks bringing forward balances above target and a slight fall in the note circulation. On the other hand, tax repayments exceeded Government disbursements and there was a c[...] amount of local authority [...] maturing in official ha[nds]. Discount houses paid aroun[d ...] per cent. for secured call l[oans] at the start and closing bala[nces] were taken anywhere betw[een] 5 per cent. and 6 per cent.

In the interbank market o[ver]night loans opened at 7½-7[...] cent. and eased to 6¾-7 per c[ent]. However, after firming to [...] per cent. rates fell to close a[t ...] per cent.

Rates in the table below [are] nominal in some cases.

Apr. 26 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills
Overnight	—	4-7⅛	—	—	—	7⅛	5⅛-6⅛	—	—	—
2 days notice	—	7	7⅝-7⅛	—	—	—	—	—	—	—
7 days or	—	7	—	—	—	—	—	—	—	—
7 days notice	—	7⅞-8	7⅛-7⅝	—	7⅞-8	7⅝	6¼-6¾	—	—	—
One month	7⅞-7¾	7⅞-8⅛	7⅛-7⅝	8⅛-7¾	7⅝-8	8	6⅞	6⅞	7⅝-7⅞	7[illegible]
Two months	8⅛-7⅞	7⅞-8⅛	—	8⅛-7¾	7⅞-8¼	—	7	6⅞-7	[illegible]	7⅞[illegible]
Three months	8⅛-8	8⅛-8⅛	8-8⅛	8¼-7⅞	8¼-8⅛	8⅝	7⅛-7¼	7-7⅛	7⅞-8	[illegible]
Six months	8¾-8⅝	8¾-8	8⅛-8¾	8⅝-8	8⅞-9⅛	—	—	—	8⅝-8⅛	9
Nine months	9⅛-8⅞	9-9¼	—	9-8¾	9⅝	—	—	—	—	—
One year	9⅛-8⅞	9¼-9⅛	9-9¼	9⅛-8⅞	9⅛	—	—	—	—	—
Two years	—	—	9⅞-10⅛	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage nominally three years 11-11¼ per cent.; four years 11¼-11⅝ per cent.; five years 11½-12 per cent. ⊕ Bank bill rates in [table] are buying rates for prime paper. Buying rates for four-month bank bills 8¼-8⅜ per cent.; four-month trade bills [...] cent.

Approximate selling rates for one-month Treasury bills 6 15/16-6⅞ per cent.; two-month 6⅞ per cent.; and three-[month] 6 27/32-6 31/32 per cent. Approximate selling rate for one-month bank bills 7 3/16-7 5/16 per cent.; two-month 7 9/16 per [cent.] and three-month 7¾-7 25/32 per cent. One-month trade bills 7½ per cent.; two-month 7¾-7⅞ per cent.; and also three-m[onth] 8 per cent.

Finance House Base Rates (published by the Finance Houses Association) 7 per cent. from April 1, 1978. Clearing B[ank] Deposit Rates (for small sums at seven days' notice) 4 per cent. Clearing Bank Base Rate for lending 7½ per cent. Trea[sury] Bills: Average tender rates of discount 6.9691 per cent.

مكتبة الأمل

Grounds for optimism at Midland News

SOME of the difficulties encountered by Midland News Association in 1977 will have repercussions in the current year. Even so there are grounds for optimism within the group says *Mr. Malcolm Graham*, the chairman, and he is confident that opportunities will be provided for further growth and expansion in the future.

If sterling remains firm it is expected that newsprint prices will remain steady in 1978 he points out.

While sales of the group's evening newspapers increase it becomes ever more difficult to maintain the circulation of the weeklies serving the same areas he says. Some weeklies were able to show a small advance in sales in 1977 but the aggregate is down.

Though the company's newspapers did not suffer from lost sales through industrial action as seen elsewhere, the ready co-operation of the staff to introduce new methods of operation was affected by protracted negotiations.

The complete changeover to photocomposition of the Express and Star was not made until January of this year due to unforseen technical difficulties and plans for improving its content were delayed by at least six months.

To-day all the group's weeklies and half the evenings circulation are printed on web offset presses. The directors would like to print all its evenings on such machines but as they cost about £1m. each and three would be needed, the changeover will have to be delayed until resources are available, Mr. Graham says.

Total group external sales for the year were up at £26.56m. (£21.04m.) and pre-tax profit improved to £2.50m. (£1.68m.) as reported on April 14. The net dividend is lifted to 16.6p (14.35p) on the £1 non-voting ordinary and to 0.63525p (0.5775p) on the 5p "A" Ordinary.

Bank borrowing at year end was down £910,000 (£631,000). Donations to charities totalled £13,991.

Turnover and trading profit of £2.61m. (£1.7m.) was split as to newspaper publications £15.22m. (£12.64m.) and £1.91m. (£1.25m.) and retailing and other activities £12.72m. (£9.46m.) and £707,000 (£454,000).

At April 13, 1978, the Graham family and its trusts held 22.6 per cent. of equity and C. P. Holdings 35 per cent.

Advertising volume for the year was marginally down but turnover from the chain of newsagents shops was up 29 per cent. and trading profit 34 per cent. higher. Twelve more outlets were added during the year bringing the total to 133 shops. The growth of the newsagents business has required the building of a new warehouse which, it is hoped, will open during 1978.

The investments made in computers in earlier years is starting to pay off and the directors are cautiously optimistic of a steady improvement in results from Press Computer Services.

S. Jerome liquidity

As the consideration for the two latest acquisitions was for cash, Mr. William Jerome, chairman of S. Jerome and Sons, points out that the group will be less liquid and cannot expect the revenue received in the past from short-term investments.

At March 31, 1978, short-term investments were down to £515,000 compared with £1.09m. at December 31, 1977. This is revealed in a letter to holders giving full details of the acquisition of William White and Sons (Huddersfield). It also shows that in the same period bank overdrafts have been cut from £0.59m. to £0.17m.

Despite inflation, the problem of cheap imports of cloth and clothing and the fluctuations in the value of the pound the chairman feels cautiously optimistic about group prospects. The current year has started well with sales somewhat above last year.

In 1977 group pre-tax profits increased from £509,526 to £601,831 including £106,979 (£83,156) in respect of short-term investments. The dividend is raised from the equivalent of 2.77p to 3.0547p; a one for ten scrip issue is also proposed.

Record £0.8m. for Border Breweries

On turnover up from £9.9m. to £10.42m., pre-tax profit of Border Breweries (Wrexham) increased from £728,250 to a record £809,925 in the February 28, 1978 year.

At half-time profit was £59,000 higher at £495,000, and a further satisfactory increase in profits was forecast.

The result is subject to tax of £414,689 (£370,061). The dividend total is up from 3.137p net per 25p share to 3.503p with a 2.543p final.

Not easy for Chamberlain to maintain profits

ALTHOUGH TOTAL orders received in the first three months of 1978 at Chamberlain Group are ahead of the same period last year, they are still not up to what the group would like to see, Mr. L. F. Chamberlain, the chairman, says in his annual review. He says it would be unwise for him to give any firm forecast for the outcome of the current year.

"We shall have a difficult task to maintain the profitability of the past two years, but will be assisted if we are successful in our efforts to widen the scope of the group's activities and to enlarge the geographical spread of orders."

Mr. Chamberlain does not see any signs of a significant upturn in the U.K. construction industry in the immediate future, but overseas markets have proved more successful.

On the hydraulics side, he is confident that in future years the group will see the benefits if its capital investment in re-equipping its Leyton operations.

The response from customers to its new range of geared and braked Staffa hydraulic motors has been encouraging and further additions will be made to the range this year and next.

Chamberlain Industries is continuing to reinforce its research and development programme.

Pre-tax profit last year rose from £1.96m. to £2.01m. A current cost statement shows this reduced to £1.42m. (£1.62m.) by additional depreciation of £142,000 (£120,000), a £346,000 (£171,000) cost of sales adjustment and a £101,000 (£51,000) gearing adjustment.

In the year there was a £1.27m. (£37,000) increase in net cash and bank balances. At balance date net current assets were £6.85m. (£5.12m.) and fixed assets £4.85m. (£4.31m.).

Meeting, The Dorchester, May 12 at noon.

Norman Hay tops £0.5m.

TURNOVER for 1977 of Norman Hay, a "close" company operating as electro-plating engineers, expanded from £2.51m. to £3.54m. and profits rose from £345,000 to a record £534,000 after £218,000, against £170,000, for the first half.

With tax taking £277,000 (£170,000), full-year earnings are shown to be ahead from 4.4p to 6.4p per 10p share, and the dividend is stepped up from 1.835p to 3p net, with a final of 2p. Mr. N. L. Hay, the chairman, waived his interim dividend on 614,034 shares.

Johnson Group planning expansion

Trading so far in the current year at Johnson Group Cleaners has been buoyant and, given a reasonable economic climate, the company is in a position to produce satisfactory results, Mr. J. L. Crockatt, the chairman, tells members.

Plans are already in hand to expand the Zerny business by the introduction of Apparelmaster workwear and Candy towel hire service he says. Zerny, which operates retail dry cleaners in Humberside and East Yorkshire, was acquired in January for £440,000, of which £60,000 was satisfied by the issue of shares and the balance in cash.

Sales in 1977 rose 18.9 per cent. to £20.27m. (£17.04m.) and taxable profit advanced to £2.05m. (£1.39m.) as reported March 17. The net dividend is raised to 3.8911p (3.4839p).

The improvement in earnings was attributable in part to steady growth in the company's workwear and towel hire trade but mainly to a good increase by the retail drycleaning division, the chairman says.

The rate of investment was maintained at a high level during the year and the group has facilities to meet the continuation of this programme, Mr. Crockatt says. At year end net liquid funds were down £295,000 (£1.05m.) with bank overdrafts higher at £1.06m. (£752,968).

Capital spending contracted amounted to £350,779 (£284,718) and no further spending had been authorised, compared with £51,000 last time.

Meeting, Great Eastern Hotel, EC, on May 18 at noon.

F. HEWITT

News Holdings, a wholly owned subsidiary of Associated Newspapers Group, has agreed to offer 94p cash for all the 8 per cent. (now 5.6 per cent. plus tax credit) Preference shares and 145p cash for all the 10 per cent. (now 7 per cent. plus tax credit) Preferred Ordinary shares of F. Hewitt and Son (1927) other than those already held.

The Board of Hewitt consider the terms fair and reasonable and recommends shareholders to accept.

BIDS AND DEALS

Full offer for KCA

BY CHRISTINE MOIR

Berry Wiggins, the oil services company now called KCA International, which was rescued from critical financial problems last November by Mr. Travis Ward, a Texan oil millionaire, is now the target of a full scale bid from the same man.

In November Mr. Ward acquired a 24 per cent. stake in Berry in return for buying the oil rigs and equipment related to a disastrous lossmaking contract in Algeria, on which Berry owed $21.6m. to Manufacturers Hanover Trust. Mr. Ward's price covered that loan.

Now Mr. Ward has come back with an offer for the rest of the company's capital, a move, which if it succeeds will return it to the lists of private companies.

The terms are 29p for each Ordinary share which compare with a market price of 28p just before the announcement. Afterwards the shares rose 2½p, but later closed at 30p. This puts a value on KCA of £7.7m., £1m. less than in November when Mr. Ward paid 33p per share for his quarter interest.

Yesterday Mr. Paul Bristol, KCA's chairman, reserved his attitude towards the bid until the Board had discussed it with its financial advisers, James Finlay and Kitcat and Aitken. He did say, though, that he had been very impressed with Mr. Ward since he had first approached the company and the working relation between them had been excellent.

The other major shareholders are the Prudential, which owns just over 5 per cent. of the shares, and Electricity Supply Nominees with under 4 per cent.

Mr. Bristol confirmed that a bid would also be coming for the preference shares, where major institutions hold the bulk, but no terms had yet been received.

MARLER AGREES TAKEOVER

A complex off-shore takeover deal for Marler Estates means that the group will retain its public quotation and be revamped under a "young professional management."

Blade Investments, an Isle of Man registered client of the merchant bankers Lazard Brothers has contracted to buy Marler family holdings totalling 62.15 per cent. of the group. But it is also making a general offer for Marler worth 25p each to minority holders. Acceptances for its general offer will be made up to an initial 30 per cent. stake by drawing upon the Marler family's contracted stock, the balance of that stock will be acquired in October. Marler directors, including the chairman and managing director Mr. Leslie Marler, plan to retain an 11.73 per cent. shareholding in the group.

In October, when Blade will have up to 89 per cent. of the group, depending upon public acceptances, the owners plan either a placing of shares or an increase in capital that will take its direct shareholding down to between 30 and 40 per cent.

Blade is to buy the whole £100,000 issue of Marler's 7½ per cent. Convertible Unsecured Loan Stock, 1890 at par.

Blade plans to appoint three new directors, including a new chief executive. And Marler director Mr. D. Bussell said yesterday that potential new directors have been chosen. As their companies have yet to be told, he is unwilling to release names at this stage. Mr. Bussell says that Marler, which has been approached many times in recent years, does not know exactly who owns Blade. The group takes Lazard's nomination of Blade as sufficient recommendation.

Marler's shares, suspended on Monday at 21p, returned to the market at 27p yesterday.

ILLINGWORTH MORRIS

Illingworth Morris has sold its 2,033,600 shares in British Mohair Spinners at 43p per share for a net consideration or 870,000. The shares were acquired by a spread of investing institutions.

In accordance with stated policy, the proceeds will be used to improve liquidity, said a spokesman for Illingworth. The shares had been rising recently presenting a good opportunity to sell, he said.

A short while previously, Illingworth also sold 208,500 Ordinary shares and 42,800 Preference shares in Yorkshire Fine Woollen Spinners for total consideration of £100,000.

These sales do not necessarily mean that other stakes are about to be sold, the spokesman said.

TALBEX/WARREN

Talbex Group has received acceptances of its offer for James Warren and Co. in respect of 1,363,134 Ordinary shares (91.32 per cent.), and in respect of its offer for the Preference share capital, for 133,905 4.5 per cent. Cumulative Preference shares of Warren (99 per cent.). It is the intention of Talbex to acquire compulsorily the outstanding Ordinary and Preference shares. Offers remain open.

Carlton deal 'good sense'

London Merchant Securities' Ordinary shares took a tumble yesterday falling 7p to 86p following the announcement that the group is selling a major share of its 52 per cent. stake in Carlton Industries to Hawker Siddeley.

By comparison Carlton shares improved 10p on the overnight suspension price of 170p compared with Hawker's offer price of 165p.

Lord Rayne chairman of LMS stressed yesterday that the deal made good sense for his company. He said that although pre-tax profits would suffer—Carlton probably provided all LMS's £6.1m. pre-tax profits in 1976/77—there would be sharp improvement at the distributable level.

He said that LMS had only taken dividends from its investment in Carlton, where the prospective gross yield on the sale price of 165p was around 5½ per cent. "Even if we used the cash to repay short term debt where the interest rate is well above the 5½ per cent. level we would see a better short term return," said Lord Rayne.

LMS plans radically to reduce its short term debt which ex-Carlton probably amounts to between £10m. and £12m. The rest of the cast—and LMS is expecting to raise around £20m. by the deal—will be ploughed back into the group's other businesses which include property and North Sea oil interests.

A further factor behind the group's decision was apparently Lord Rayne's concern about the disproportionate market valuation of the Carlton interests, is reflected in the group's own share rating. He said yesterday that on market valuations Carlton accounted for around 60p of LMS's current price of 85p.

"The deal will make a substantial improvement in liquidity and to asset per share value," he said. "and we shall retain a major minority holding in Carlton."

Meanwhile the deal has aroused speculation about the future of Carlton's major stake in Invergordon, the whisky distillers and Comben the housebuilders. Hawker yesterday declined to comment on whether it would favour an attempt to sell these investments.

FIFE FORGE PAYS LESS FOR FORSTER

The consideration paid for T. S. Forster and Sons by Fife Forge has been reduced by £212,000 to £588,000.

The price had been subject to a profit formula and Forster had made profits of only £101,405 in the relevant 10-month period compared with a forecast of £208,000.

Although disappointed with the result, Fife Forge still considers the acquisition attractive. The net purchase price should be seen in the context of Forster's net current assets of over £1m. at December 31, 1977.

COCKSEDGE

Kleinwort Benson has purchased 289,500 shares of Cocksedge, approximately 21 per cent. of the capital, for £275,025 (95p per share). The stake was bought for Kleinwort Benson's own account.

Cocksedge completed its financial year four weeks ago. At the interim stage, its profits were up £170,000 at £296,000.

STANHOPE TALKS OFF

Stanhope General Investment says that as no definite offer has been received for the Ordinary and Preference shares of the company from the potential offeror who made the approach mentioned in the announcement of February 24, discussions have now been terminated.

DAVY BUYS UP TCR

Davy International has completed the purchase of the outstanding 20 per cent. of the shares in Turner Chilled Rolls which Davy does not already own. The vendors have also sold to Davy the land and buildings at Ipswich at which TCR carries on its business.

Book value of the land and buildings at August 21, 1977, the last balance sheet date, was £220,000. Total consideration of £397,000 is being satisfied by the issue of 74,418 Davy shares and by £237,000 cash.

ICR is engaged in the manufacture of cast iron rolls for the food and animal feedstock industries. Davy acquired its 80 per cent. stake in 1974.

ROBERT KITCHEN TAYLOR/RKT

Robert Kitchen Taylor, the knitwear manufacturers and textile merchant, is to make its long awaited bid for the remaining 23½ per cent. of RKT Textiles it does not already own.

RKT shares were suspended yesterday at 72p which would put a value of around £561,000 on the outstanding minority. RKT last year earned pre-tax profits of almost £1m. on sales of £12.4m.

APPROACH MADE TO CASTINGS

Castings, the malleable ironfounders, has received an approach which may or may not lead to an offer being made for the company. A further announcement will be made as soon as possible.

The shares rose 5½p to 36½p yesterday.

PACTEL

PACTEL (PA Computers and Telecommunications), part of the PA International Group, has acquired for an undisclosed sum 60 per cent. of Speakman Pascoe Consultants, a Hong Kong based computer consultancy.

NO PROBE

The Secretary of State for Prices and Consumer Protection has decided not to refer the proposed merger between Castlemere Properties and Property Investment and Finance to the Monopolies and Mergers Commission.

MINING NEWS

Peabody numbed by coal strike

BY PAUL CHEESERIGHT

THE FULL impact of the U.S. coal strike on corporate earnings became startlingly clear yesterday when Peabody Holding, the largest producer in the country, revealed a 1978 first quarter loss of $67.6m. (£37.2m.).

Peabody has more than 50 wholly owned or joint venture coal mines spread across the U.S., but mainly concentrated in Illinois, Indiana and western Kentucky.

The coal strike lasted from December 6 to April 3, but did not cover the whole of the industry.

The extent of Peabody's loss was disclosed by Newmont Mining, the diversified minerals group, which holds a 27.5 per cent. take. The loss sliced $18.6m. from Newmont's first quarter earnigs.

This resulted in Newmont losing $11.07m. (£6.1m.), which compares with net profits in the first three months of 1977 of $2.9m. or 10 cents a share.

Newmont put together a consortium which bought Peabody from Kenecott Copper for $1.2bn. last year. Kenecott was required by the Federal Trades Commission to divest itself of Peabody for anti-trust reasons.

The other members eof the consortium are Williams, which also holds 27.5 per cent., Bechtel and Boeing with 15 per cent. each, Fluor Corporation with 10 per cent. and Equitable Life Assurance with 5 per cent.

Earnings slip at North BH

AFTER NINE months of its financial year, net profits at North Broken Hill, the Australia base metals and investment grou are running slightly behind tho of the 1976-77 year.

The group announced yeste day that net profits in the thr months to March were $A1.17 (£725,000), making a cumulati total for the year to June A$5.6m. (£3.47m.), compared wi A$6.24m. in the first nine mont of 1976-77.

The profit on mining operatio in both periods was A$2.9m. the most recent three quarters t value of production was A$1.7 higher than in the comparab period at A$32.2m., but costs we higher and this effectively ca celled out the benefits of low tax and royalty payments.

The lower net profit figure f the group came because ruru operations made a net loss A$78,000 against a profit A$83,000 and net investme income slipped to $A2.78m. fro $A3.22m. The chief investmen are in Alcoa of Australia a Kembla Coal and Coke.

North BH shares in Londo yesterday were 109p.

MINING BRIEFS

MOUNT LYELL—

	48 weeks to 5/4/1978	6/4/19
Ore Treatment Results		
Ore milled (tonnes)	1,232,350	1,454,5
Average copper grade	1.247%	1.367
Concentrates produced (tonnes)	53,784	54,5
Grade of concentrate	26.29%	26.2
Realisable Metals in Concentrates		
Copper (tonnes)	13,849	13,9
Gold (grams)	258,249	267,6
Silver (grams)	1,838,178	2,117,2

BISICHI-JANTAR (NIGERIA)—Output of concentrates for February: tin 41 tonnes, columbite 40.66 tonnes. The months to date: tin 34.96 tonnes, columbite 76.60 tonnes.

BP Australia helped by coal profits

BRITISH PETROLEUM of Australia earned more from coal in 1977 than from its traditional petroleum activities, reports James Forth from Sydney.

Grou earnings of the company, which is wholly owned by BP of the U.K., jumped from A$2.4m. in 1976 to A$29m. (£17.9m.), but no dividend will be paid to the parent.

The result was reached after equity accounting for the 50 per cent. interest in Clutha Developments purchased last year for A$162m.

BP directors pointed out that without Clutha's contribution—it is the third largest coal producer in Australia—group profit for the year would have been A$13.5m., still a substantial increase on the poor 1976 result, and higher than the A$11.5m. earned in 1975.

The results indicate a 1977 profit in the region of $A30m. for Clutha, which earned A$33.2m. in 1976.

BP's cash and cash equivalents at the end of the year were down A$61m. to A$127m., reflecting the payment of the first of three instalments on Clutha and the redemption of A$12.7m. of debenture stock.

ROUND-UP

Shareholders in Marievale, the Union Corporation gold mine in South Africa, are to receive a capital repayment of 25 cents (15.75p) per share. This reduces the share capital to 4.5m. shares of 25 cents each from 4.5m. shares of 50 cents each. The mine is in the break-up category.

* * *

Deposits of high grade iron ore have been discovered in the *Kohistan region of Pakistan's* North West Frontier province. Proved reserves at 32m. tonnes and the resources of the region could be more than 100m. tonnes, reports from Karachi said.

* * *

Seeking to reduce dependence on U.S. coal suppliers and take advantage of competitive Australian pricing, Ciderbras, the Brazilian State steel agency is contemplating offers from Australian coal groups, writes Diana Smith from Rio de Janeiro. The companies include Buchanan Borehole, Bellambi and Thiess. Deals are expected to be concluded in the near future.

* * *

A 10bn. cubic metres phosphate deposit has been found in southern Iran, the Phosphate Department announced in Teheran. Geometal and BRGM ... needs of the Mahshaar petrochemical plant ... tion. The deposit will meet the chemical plant for the next 1... years.

MMC's venture with Comibol

MALAYSIAN MINING Corporation, the tin conglomerate, is negotiating with Comibol, the Bolivian State mining group, for a joint tin dredging venture in Bolivia, reports Wong Sulong from Kuala Lumpur.

A senior Comibol official, Mr. Julio Panaranda, said yesterday that the dredge would be operating in the Oruro region, and production would be about 2,000 tonnes annually.

Mr. Panaranda, who is a member of a Bolivian tin delegation touring Malaysia, did not give other details, but said he expected the agreement to be finalised by June.

In another development, miners in Selangor State have expressed concern over a directive from Datuk Hormat, the chief Minister, that mining leases would only be renewed if companies agree to allow 30 per cent. equity for Malays.

In a statement, the Selangor, Pahang and Negri Sembilan Miners Association, said this might hinder mining operations, as mining companies, especially those with marginal operations, will find it difficult to get Malays with the capital and expertise to take up this equity.

RTZ's Canadian moves

THE Rio Tinto-Zinc group's Canadian Brinco is to merge with Canadian Natural Resources and Coseka Resources to form "a single enterprise in the field of natural resource exploration and development." The effect of the tidying-up deal will be that Coseka and Brinex (Brinco's wholly-owned subsidiary which will take all the parent's assets) will become wholly-owned subsidiaries of CNR.

CNR will have an issued capital of 42.45m. shares, of which Brinco will hold 53.87 per cent.; present Coseka shareholders (excluding Brinco) 33.5 per cent.; and present CNR shareholders (excluding Coseka) 10.63 per cent.

RTZ will hold a net beneficial interest in CNR of approximately 35.6 per cent. Mr. Alistair Frame, deputy chief executive of RTZ, will become chairman of CNR.

Brinco assets include major exploration concessions in Newfoundland and Labrador, a stake of about 60 per cent. in the Kitts-Michelin uranium prospect in Labrador and some C$47m. cash. Coseka has both producing and non-producing oil and gas leases in Alberta, British Columbia, Saskatchewan and the U.S.

Coseka's operating cash flow from oil and gas for the current year to July 31 is estimated at approximately C$8m. CNR, which is also involved in the petroleum and gas industry, has an annual cash flow from these operations of about C$2.5m.

Ship sale gives Common Bros. £0.78m. profit

WITH £1.35m. coming from the sale of ships, Common Brothers made profits of £775,000 in the eight months to February 28, 1978 compared with a loss of £750,000 last time and a full year deficit of £703,000.

In current conditions the directors consider it unwise to make a definitive forecast of the full year's results, but they are maintaining the interim dividend at 2p net per 50p share and in view of the fact that the full year's results will include the surplus on sale of m.v. Hindustan, they expect to recommend a final dividend not less than the 3.8109p of last year.

Sir Rupert Speir, the chairman, says the shipping market depression has continued, and trading conditions have been further exacerbated by the continuing increase in operating costs and the weakness of the dollar. In spite of this the RoRo market has held up well and the two group vessels continue to be employed at profitable rates.

In September last m.v. A. C. Crosbie was sold and the surplus on sale of £1.35m. has been credited in the results. In March of this year the group also disposed of m.v. Hindustan at a satisfactory price equivalent to more than $13m. The surplus amounting to some £1.15m. will be brought into the profit and loss account at the year end.

The sales accord with the policy of selling vessels at satisfactory prices and also improve considerably the group's liquidity, reducing the ratio of borrowing to equity from 2¼ to 1 at June 30, 1977 to an estimated 1 to 1 by the end of the current year.

At Gomba Shipping (Jersey) three vessels have been delivered. The first was sold in July last and the secon dand third are now operating under demise charter at profitable rates. The fourth ship will be similarly employed from delivery.

At the joint venture, Bowring Common (Chartering), a trading loss has been incurred but full provision was made in last year's accounts for the potential losses to the end of the charter commitment in September 1978 and this will be adequate.

The insurance broking results have shown continuing improvement and are in excess of those achieved last year.

APPOINTMENTS

DIRECTOR OF MARITIME AFFAIRS

Applicants must have a minimum of 10 years experience in shipping, with at least 5 years as a Senior Executive in a shipping company.

Duties: Full responsibility for the commercial and technical management of a fleet of over 50 ships and the control of offices worldwide. Advising the President and Board of Directors of shipping and related projects. Member of a small team of Executives working on numerous projects where your general business experience will be appreciated.

Base will be Geneva, however, extensive travel will be required.

Please send your application to:
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Inter Maritime Management S.A.,
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1201 Geneva, Switzerland.

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Business growth enables us to accommodate an additional consultant. The main criteria are a proven record in senior management; the ability to assess people and the viability of board level appointments; persistence, poise and self confidence. Previous experience of executive search would be a great asset but is not vital. Age is of less importance than the ability to build lasting professional relationships with clients. The consultant appointed – man or woman – will be given every encouragement to build his/her own client list...

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Chief Executive

ENGINEERING

for the board of an undertaking engaged in the design, manufacture and marketing of engineering components for automotive, aviation, marine and industrial applications—an autonomous company with an enviable record of profitable growth, part of a highly successful and broadly based British engineering group.

- THE role is to manage the company and to promote further profitable growth by expanding the existing business and exploring opportunities for diversification, especially overseas.
- THE requirement is for a professionally qualified engineer with a record of profitable achievement at top management level in a related field. Previous technical development experience would be an advantage.
- TERMS to match experience and attainment are for discussion, with around £12,000 as the basic salary indicator. They will include a pensionable profit sharing element. Location: South Wales.

Write in complete confidence
to Sir Peter Youens as adviser to the company.

TYZACK & PARTNERS LTD
MANAGEMENT CONSULTANTS
10 HALLAM STREET and LONDON W1N 6DJ
12 CHARLOTTE SQUARE EDINBURGH EH2 4DN

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ON THE BUSINESS AND INVESTMENT OPPORTUNITIES PAGE

For further information contact Francis Phillips on 01-248 4782 or write to him at the Financial Times, 10, Cannon Street, EC4P 4BY

OIL BURNER SALES U.S.A.

A TOP NOTCH ENGINEER

is required to market and sell our power station oil burners and controls in the U.S.A.

The successful candidate will be qualified to H.N.D. or degree level in a field covering combustion/fuel technology and will have an in-depth knowledge of the application of oil burners to both oil-fired and coal-fired plants. He or she should also possess commercial flair and, ideally, should already have developed contacts within the U.S. Power Utility network.

The position requires a person with considerable drive and stamina, but the rewards will be high. An attractive remuneration package consisting of high basic salary (c. £12,000), company car, subsidised pension and health scheme, and sales commissions of 3% of sales in excess of $500,000 per year will be offered to the right person.

We envisage that the candidate will operate initially from the U.K. on extended sales tours, with 1½ days' paid leave accruing in the U.K. for each week spent abroad, in addition to an annual leave allowance of 4 weeks.

After a suitable period we envisage offering a directorship and shareholding in our North American subsidiary and, at that stage, relocation in Canada.

Write Box A.6343, Financial Times, 10, Cannon Street, EC4P 4BY.

Head of Finance

CANARY ISLANDS

for a long established British owned trading group, based in Las Palmas, engaged in marine services, travel and merchandising. Current turnover is equivalent to £4 million.

- THE role includes responsibility to the chief executive for formulation of all finance policies, and the development of computer systems.
- A CHARTERED ACCOUNTANT, who can demonstrate a successful record in the controllership function combined with systems development experience, is required for this post which also calls for effective budgeting and forecasting skills. Fluency in Spanish or Portuguese is essential.
- AGE could be around 45, but this is less important than a relevant background. Total earnings in excess of £12,000 sterling equivalent.

Write in complete confidence
to N. C. Humphreys as adviser to the group.

TYZACK & PARTNERS LTD
MANAGEMENT CONSULTANTS
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COMPANY NOTICES

ARBED S.A.
Aciéries Réunies de Burbach, Eich, Dudelange
Société Anonyme
6¾% 1967/79 Loan of US$ 10,000,000.—

The sixth instalment of bonds to a nominal value of $US1,500,000, maturing June 1, 1978 has been amortised as follows:

Bonds of a nominal value of $US1,500,000 have been drawn by lot; they bear the following numbers:

No. 329 to 351, 356, 358, 361 to 379, 383 to 399, 420 to 446, 452 to 485, 487 to 493, 495 to 496, 509 to 521, 4172 to 4186, 4188 to 4224, 4227, 4231, 4238 to 4269, 4272, 4274, 4279 to 4285, 4288 to 4292, 4294 to 4299, 4301 to 4306, 4308 to 4326, 4330 to 4333, 4335 to 4342, 4344 to 4347, 4349 to 4387, 4389, 4391 to 4394, 4397 to 4404, 4409 to 4421, 4424 to 4432, 4434 to 4437, 4439, 4443 to 4481, 4500 to 4504, 4513 to 4518, 4543 to 4555, 4571 to 4580, 5925 to 6005, 6010 to 6012, 6023 to 6040, 6042 to 6044, 6046 to 6093, 6130 to 6188, 6192 to 6207, 6203 to 6207, 6213, 6215 to 6218, 6226 to 6254, 6256, 6259 to 6260, [illegible] 9158, 9201, 9228, 9251, 9280, 9303 to 9305, 9317, 9346, 9349 to 9350, 9476, 9522, 9524 to 9525, 9549, 9556 to 9557, 9559, 9574, 9667 to 9676, 9683 to 9685, 9691 to 9692, 9699, 9702, 9705, 9742, 9744 to 9747, 9752, 9756 to 9758, 9766 to 9767, 9774 to 9778, 9808, 9817 to 9818, 9847, 9859 to 9860, 9870 to 9871, 9883, 9885 to 9889, 9893 to 9897, 9903, 9909 to 9910, 9922 to 9925, 9977 = 236 bonds of $US1,000.

The fiscal Agent,
BANQUE GENERALE DU LUXEMBOURG,
Société Anonyme.
Luxembourg, April 28, 1978.

NOTICE TO BONDHOLDERS
MITSUBISHI RAYON COMPANY LIMITED
9% GUARANTEED BONDS DUE 1989

As at 31st March 1978 the aggregate principal amount of such bonds remaining in circulation was US$9,605,000. In accordance with the provisions of the Bonds, notice is hereby given that in the twelve months to 31st March 1978, the aggregate principal amount of bonds purchased was $595,000. The deficiency to be carried forward under the terms of the purchase fund is $5,000.

BANQUE FRANCAISE DU COMMERCE EXTERIEUR
U.S.$25,000,000. FLOATING RATE NOTES DUE 1985

In accordance with the provisions of the above notes, the rate of interest has been fixed at 8¼% per annum for the semi-annual period ending October 27, 1978. Interest due on such date will be payable upon surrender of Coupon No. 4.

BANQUE INTERNATIONALE A LUXEMBOURG SOCIETE ANONYME
Trustee

INTERCOM
SOCIETE INTERCOMMUNALE BELGE DE GAZ ET D'ELECTRICITE
Société anonyme
Place du Trône 1, Brussels, Belgium
NOTICE OF AN EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an extraordinary general meeting of the shareholders of INTERCOM will be held on Tuesday, 2nd May, 1978, at 11 a.m. at the Registered Office of the Company, place du Trône 1, Brussels, Belgium, as the legally required quorum was not present at the extraordinary general meeting of April 10th, 1978 the meeting of May 2nd will deliberate validly on the agenda summarised here below regardless to the number of shares being represented.

SUMMARY OF AGENDA

1. (a) Increase of the share capital by Belgian Francs 4,603,128,000 so as to bring it from BF 22,771,455,300 to BF 27,374,583,300 by creating and issuing 3,422,400 shares of no par value of the same kind and with the same rights and advantages as the existing 16,932,000 shares, except that they will only participate in profit sharing as from May 1st, 1978.

These 3,422,400 new shares will be issued at BF 1,345 each, plus a premium to be fixed by the meeting at such amount that the issue price does not exceed BF 1,800.

They will be offered for public subscription for cash in the proportion of:
—3,386,400 shares to owners of the 16,932,000 existing shares who will be entitled to subscribe by preference and as of right on the above conditions in the proportion of one new share for every five existing shares, without delivery of fractions;
—35,000 shares to members of staff who will be entitled to subscribe on the above conditions and according to the terms fixed by the Board of Directors.

Shares which are not subscribed for by members of [illegible] 3,422,400 new shares will have to be fully paid up on subscription.

(b) Allocation of the premium resulting from the issuing price to the payment of part or all of the issue costs, and of the balance if any, to the undistributable reserve which, as well as the other contributions, will be the guarantee for third persons and can only be reduced or cancelled by decision of extraordinary general meeting on the conditions required for alteration of the Articles of Association.

2. Modifications to the Articles of Association, so as to make the share capital stated in article 5 in accordance with the resolution to be taken by the meeting on item 1 of this agenda.

3. Delegation of powers to the Board of Directors, so as to enable them to execute the resolutions taken by the meeting.

Note:
Holders of share warrants entitled and wishing to attend or be represented at the meeting should deposit a certificate of their holding from an authorised depositary at least six days before the day fixed for the meeting at the:
—Midland Bank Limited, Overseas Branch, P.O. Box 181, 60, Gracechurch Street, London, E.C.3.
—Banque de Paris Et Des Pays-Bas, S.A., Moorhouse, 119, London Wall, London, E.C.2.
—Banque Belge Limited, 16, St. St. Helen's Place, London, E.C.3.
—Baring Brothers and Co. Limited, 88, Leadenhall Street, London, E.C.3.
—Hill, Samuel and Co. Limited, 100, Wood Street, London, E.C.2.

Thereupon an admission card will be issued.

A member of the Company entitled to attend and vote may appoint a Proxy or Proxies to attend, and on a poll to vote, in his stead.

Such Proxy must be a member.

The full agenda in French together with a detailed statement in English giving particulars of proposed operation in accordance with the requirements of the Stock Exchange may be obtained from the banks referred to above.

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Quiet Residential Area. Superior s/cont., c/h., self-catering. AA Listed Accom. Flats: £30-50 Low (now) to £65-£105 p.w. in Peak + VAT.

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PUBLIC NOTICES

EAST SUSSEX COUNTY COUNCIL
£3,000,000 Bills offered 21.4.78 for payment 26.4.78 due 26.7.78 £2m at 7⅛% and £1m. at 7⅛%. Application totalled at 25. 75: Total Outstanding £7m.

ROCHDALE METROPOLITAN BOROUGH COUNCIL BILLS
£2,500,000 Bills issued 5.4.78, maturing 5.7.78 at 6⅛%. Applications totalled £15,500,000 and there are 2,500,000 Bills outstanding.

LEGAL NOTICES

In the Matter of HAYDEN FERRIS LIMITED and in the Matter of The Companies Act 1948.

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 31st day May, 1978, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned David Saxton Watson, Chartered Accountant, of Messrs. Safferys, Commercial House, Chapel Street, Woking, Surrey, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 31st day of March, 1978.

DAVID SAXTON WATSON,
Liquidator.

NOTE.—This notice is purely formal, all known Creditors have been or will be paid in full.

No. 001270 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of JULIE ALAN LIMITED and in the Matter of The Companies Act 1948.

NOTICE IS HEREBY GIVEN that a Petition for the winding up of the above-named Company by the High Court of Justice was on the 30th day of April 1978 presented to the said Court by INFABRICS LIMITED of 78-83 Gt. Portland Street, London, W.1. and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 15th day of May 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

BIRKBECK, MONTAGU'S & CO.,
7 St. Bride Street,
London EC4A 4AT,
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to the above-named, notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their solicitor (if any), and must be served or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 12th day of May 1978.

ART GALLERIES

AGNEW GALLERIES, 43, Old Bond St., W.1. 629 6176. THREE CENTURIES OF BRITISH PAINTINGS. Until 28 April. Mon.-Fri. 9.30-5.30. Thurs. until 7.

BROWSE & DARBY, 19, Cork St., W.1. SICKERT. Mon.-Fri. 10.00-5.30. Sat. 10.00-12.30.

COLNAGHI, 14, Old Bond Street, W.1. 01-491 7408. INDIAN PAINTINGS—Mughal and Rajput 1500-1850. Until 8 May. Mon.-Fri. 9.30-5.30. Sats. 10-1.

COVENT GARDEN GALLERY LTD. "The Troopic Bird." Visionary Watercolours. W. J. Chamberlayne. Views of West Africa, West Indies, Mauritius and Britain 1850-90. Open daily 9.45-5.30. Sats. 12.30. Thurs. 7. 20 Russell St., W.C.2. 01-836 1139.

FIELDBOURNE GALLERIES, 63, Queens-grove, N.W.8. ART IN RELIGION

FOX GALLERIES. Exhibition of the paintings by British and European Artists from 1700-1965. 5-6, Cork Street, London, W.1. Tel. 01-734 2626. Weekdays 10-6. Sats 10-1.

GILBERT PARK GALLERY, 285, King's Road, Chelsea, S.W.3. JOHN MILNE—NEW SCULPTURE. Until 13 May. Open Tues.-Sat. 9.30-5.30.

PROOFS FOR INVESTMENT EXHIBITION. Large selection of Limited Edition Proofs by Sir Wm Russell Flint, L. S. Lowry, Helen Bradley and other famous Artists. Now on view and for sale at Renoir Galleries, Crescent Road, Harrogate. Daily 9 to 5. Sunday 2 to 5.

THACKERAY GALLERY, 18, Thackeray St. Kensington Sq., W.8. 01-937 5883. BRIAN YALE until May 12.

MANAGER
MIDDLE EAST OPERATIONS
Container Operations

A vacancy exists for a Manager to assist in the development of CP Ships – Canadian Pacific Steamships – Middle East activities.

The job involves the marketing in Arabian Gulf countries of major container services from North America and Europe, this work being undertaken in liaison with CP Ships local agents in Dubai, Damman and Kuwait. The Manager will be responsible for monitoring all activities of these agents including marketing, port and inland operations and accounting.

The Manager will be required to reside in Dubai but with frequent visits to Saudi Arabia, Kuwait and other Gulf countries as required. The appointment can be on either a 'married' or 'bachelor' status and the tax-free salary, leave and conditions will fully reflect the requirements and responsibilities of the position.

The individual will ideally have a broad background in shipping with the emphasis on marketing and sales. Useful experience would cover port and container operations, trucking and agency arrangements. However, the prime requirement is for an individual who is a "self-starter", capable of working with the minimum of supervision and of relating at a senior level to customers.

Write, with brief career details, to:
CP Ships, General Manager Industrial Relations & Personnel,
50 Finsbury Square,
London EC2A 1DD

CP Ships
Canadian Pacific

SALES MARKETING OPPORTUNITY – DENMARK –
Annual Salary approx £9,000 – £11,000

Well-known Danish Company, planning to introduce its products to new markets within the Milk Industry (its Main Field), seeks an Employee for a position in the Milk Product Section of its office in Denmark.

The successful applicant will mainly work within the following fields of activity:

- To examine the requirements of Milk Recording Societies and Dairies in relation to certain technologies of the Company
- To participate in project groups on behalf of the Sales and Marketing Department and work out suggestions for product development
- To work out commercial docmentation and be responsible for publication of this information by arranging Mailings, Symposiums, Congresses etc.
- To participate in negotiations with Customers and to work out sketch projects and quotations.

Applicants must have a broad technical background, e.g. B.Sc. or similar, a great degree of independence and analytical sense. Furthermore, the ability to communicate and express oneself clearly and concisely will be necessary, as well as a good knowledge of the German language.

Approximately 100 travelling days per year can be expected.

If this job appeals to you, you have the right aptitude and would like to work in a busy friendly atmosphere, then please send your application to:

Box A.6337, Financial Times, 10, Cannon Street, EC4P 4BY.

ACCOUNTANT, finalist/recently qualified ACA, ACCA to prepare financial and management accounts and ad hoc accounting information. Overseas travel a possibility. CV to Exploration Logging (Services) Ltd., P.O. Box 46, Windsor.

COMMODITY APPOINTMENTS LTD. International Recruitment specialists for the Commodity Markets. Tel. Graham Stewart. 01-439 1701.

Managing Director

AUTOMOTIVE ENGINEERING

for a company in an attractive part of Scotland with an exciting new product and firm plans for growth.

- RESPONSIBILITY will be for the overall direction and profitable development of the business. Initial emphasis will be in bringing on stream new and efficient production facilities.
- PRIME requirement is a proven record of success in a profit responsible general management role. Ideally this will have been in a batch production environment associated with the automotive or heavy vehicle industry.
- REMUNERATION is for discussion with £20,000 as the likely indicator.

Write in complete confidence
to P. Craigie as adviser to the company.

TYZACK & PARTNERS LTD
12 CHARLOTTE SQUARE and EDINBURGH EH2 4DN
10 HALLAM STREET LONDON W1N 6DJ

UNIVERSITY APPOINTMENTS

UNIVERSITY OF SURREY
ADMINISTRATIVE ASSISTANT (PERSONNEL)

Salary between £5,954-£7,308 p.a.

This is a new position in a well-established Personnel Office concerned with the full range of administration for teaching and non-teaching staff.

The person appointed will be expected to make an immediate contribution to such areas as recruitment and selection, job analysis, conditions of service, industrial relations and training.

Applicants should have extensive experience in general personnel work, preferably in an industrial or commercial organisation, and an AIPM or MIPM qualification.

Salary will be within the range: Administrative Officer Grade II: £5,954-£7,308 per annum, depending on qualifications and experience. Superannuation under U.S.S. conditions.

Further particulars of this post may be obtained from the Assistant Secretary (Personnel), University of Surrey, Guildford, Surrey, GU2 5XH, or telephone Guildford 71281, Ext. 452. Applications, from men and women, in the form of a curriculum vitae, including the names and addresses of two referees, should be sent to the same address by 26 May, 1978.

COMPANY NOTICES

GOLD FIELDS GROUP
DEELKRAAL GOLD MINING COMPANY LIMITED
(Incorporated in the Republic of South Africa)

OFFER OF SHARES TO MEMBERS TO RAISE R47,502,000

Renounceable Letters of Allocation and a circular dated 28 April, 1978, in respect of the above offer have been posted today to members who were registered in the books of the company at the close of business on Friday, 21 April, 1978.

Johannesburg Letters of Allocation must be lodged only with the South African bankers to the issue.

LONDON LETTERS OF ALLOCATION WILL ONLY BE ACCEPTED BY THE COMPANY'S UNITED KINGDOM REGISTRAR FROM, AND SHARE CERTIFICATES EMANATING FROM LONDON LETTERS OF ALLOCATION WILL ONLY BE DELIVERED TO, AN AUTHORISED DEPOSITARY IN THE UNITED KINGDOM OR AN APPROVED AGENT IN THE REPUBLIC OF IRELAND, AS APPROPRIATE.

The offer will close at 16h30 (local time) on Friday, 19 May, 1978.

By Order of the Board.
GOLD FIELDS OF SOUTH AFRICA LIMITED
Secretaries.
per D. J. WHITE.

Head Office:
Gold Fields Buildings,
75, Fox Street,
Johannesburg.
2001.
28 April, 1978

London Office:
49 Moorgate,
London EC2R 6BQ.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

Skogmo drops takeover

MINNEAPOLIS, April 27.

GAMBLE-SKOGMO, the retail and mail group, is withdrawing *its proposed bid to acquire* Minnesota Title Financial Corporation which had offered $30 a share cash for Minnesota Title's Common stock.

The withdrawal followed the announcement that Old Republic International Corporation and Minnesota Title *had* reached a definitive agreement for a merger of the two companies.

Meanwhile, Gamble-Skogmo has paid the Federal Maritime Commission $50,000 to settle 14 or more alleged violations of the Shipping Act.

In a filing with the Securities and Exchange Commi sion the company said its Gamble's Import Corporation unit obtained or attempted to obtain shipping rebates for Far Eastern imports that the Federal Commission contended were illegal.

AP-DJ

Sears Roebuck

Sears Roebuck is "comfortable" with analysts' earnings projections of $2.90 to $2.95 a share for the year ending next January according to senior vice-president-finance Mr. Jack F. Kincannon, reports Reuter from Chicago.

With price markdowns lower in each successive month since January, Sears' earnings for the first quarter ending this month will not be down as much as the 20 per cent. decline in last year's *fourth quarter*. The company should also show a profit margin improvement in the fourth quarter and this year as a whole.

Bankers Trust deal

Bankers Trust of New York plans to increase its stake in Deutsche *Unionbank GmbH from 75 to 100* per cent., reports Reuter from New York. The remaining interest in the Frankfurt-based bank — will be bought from Hessische Landesbank Girozentrale for between $5m. and $7.5m. Bankers Trust is to apply to the Federal Reserve Board for approval of the deal.

Citibank sale

Citibank, Citicorp's chief subsidiary, said it will record an after-tax profit of about $20m. from the sale of a bank building in Paris, reports AP-DJ from New York. The company will continue to occupy a substantial portion of the building until completion of a new facility. Citicorp declined to name the buyer of the building in Avenue des Champs Elysees—but said it was a major French insurance group.

Bendix pays $87m. for minority stake in Asarco

BY STEWART FLEMING

NEW YORK, April 27.

BENDIX Corporation, a leading U.S. conglomerate with interests in the automotive, building and leisure industries, has completed the purchase for $87m. of 3.8m. shares of Asarco, the largest U.S. custom smelter of nonferrous metals.

Asarco has 26.7m. shares outstanding and with the purchase of the 3.8m. newly issued shares, plus previous share purchases and if it exercises an option to buy 476,000 Asarco shares from Crane Corporation, the Bendix holding in Asarco would rise to *just under 20 per cent.*

Under its agreement of April 13, relating to the purchase of the 3.8m. newly issued shares, Bendix is restricted to owning no more than 21 per cent. of Asarco's stock until early 1985.

Like many primary metals manufacturers Asarco's earnings have been under heavy pressure in recent quarters. In the final two quarters of last year the company incurred losses, and for the year as a whole, suffered a loss of $29.5m. compared with a profit of $42.3m. in 1976. The company's sales revenues totalled *$1bn. compared with $1.1bn.*

The agreement with Bendix is seen by analysts as serving a variety of purposes. It provides Asarco with needed additional capital to develop its operations and it will also serve as an obstacle to any prospective takeover bidders.

Asarco's stock has been depressed by the general malaise in the non-ferrous metals business and rumours of a takeover attempt have circulated.

Bendix Corporation, with sales of $3.3bn. and net earnings of $118.1m., is a leading U.S. manufacturing company. Its chairman until last year was Mr. *Michael Blumenthal, currently* U.S. Secretary of the Treasury.

Payments fine on Control Data

BY OUR OWN CORRESPONDENT

NEW YORK, April 27.

CONTROL DATA, one of the leading U.S. computer manufacturers has been fined $1.4m. after pleading guilty to criminal charges relating to illicit foreign payments.

The company is the second to plead guilty to charges arising from foreign pay-offs, following a 19-month investigation of such activities by the U.S. Government. Last month, the Williams Company had to pay fines and civil penalties of $198,000, and yesterday a Justice Department official said that further prosecutions are expected.

The Control Data prosecution was resolved under a plea bargaining arrangement according to *which the company pleaded* guilty to certain charges of transporting U.S. currency to Amsterdam without completing the required U.S. Treasury transactions forms, and of violating wire-fraud statutes.

In return, the Government agreed not to disclose the identity of the foreign government or foreign officials involved.

The criminal informaion filed under the plea bargaining said *that beginning in mid-November,* 1967, the company "devised a scheme . . . to defraud the citizens of a certain foreign nation of their right to honest and loyal services of their Government officials."

EUROBONDS

Interest focuses on Canadian bond

BY FRANCIS GHILES

MOST INTEREST yesterday focused on news that the Canadian Government would be floating the largest ever DM-denominated bond—a DM600m. bullet issue. Lead manager is expected to be Deutsche Bank and indicated terms include a coupon of 4½ per cent. and a five-year maturity. The largest ever DM-denominated bonds to date have been a DM500m. for the World Bank and an equivalent amount for the EEC.

This jumbo issue for Canada comes at a time when the DM sector is suffering from an overdose of new issues.

However, first reactions among dealers in Germany were not unfavourable because of the high quality of the borrower.

Another DM-denominated convertible for a Japanese borrower was announced yesterday: DM100m. for Seiyu Stores bearing a 3.75 per cent. coupon and an eight-year maturity. Lead manager is Westdeutsche Landesbank.

Convertibles, particularly in Japanese names, is one of the few areas of the DM sector which has not suffered heavily in the past two weeks. Such was the demand for the Sankyo convertible that the lead manager was able to cut the indicated coupon by one quarter of a point to 3.75 per cent.

A DM100m. ten-year issue was announced for the Resettlement Fund of the Council of Europe with an indicated coupon of 6½ per cent. The bonds, which will have an average life of eight years, are expected to be priced at par. Lead manager is Berliner Handels and Frankfurter Bank.

The secondary market in straight DM issues moved up a quarter of a point yesterday. Interest to-day will centre on the *outcome of the Capital Markets* Sub-committee meeting which will discuss the amount of new issues in DM which can be anticipated: a figure of DM300-400m. is expected, a big fall on the figure of recent months.

The dollar sector had a mixed day and was hit by the weakness of the dollar. This was the result of the trade figures for February which, although indicating a fall in the U.S. trade deficit, also underline that the deficit with Japan had increased.

The only new issue announced yesterday was a $10m. private placement for the Nordic Investment Bank, being lead managed by Daiwa Europe and S. G. Warburg, with a coupon of 8¾ per cent. Terms are comparable to those offered by the $25m. bond for the same borrower which was priced at par earlier *this week.*

Diesel loss hits GM Brazil

By Diana Smith

RIO DE JANEIRO, April 27.

GENERAL MOTORS of Brazil made a $69.5m. loss in *1977* — much of it as a result of a $220m. investment in its new line, the Detroit diesel motor.

The diesel Detroit, which went into production in early 1977, suffered severe teething troubles and arrived on the Brazilian market too late to take advantage of a 30 per cent. upsurge in national demand for heavy vehicles and motors. Only 27,000 Detroit diesel units were produced last year—about half of capacity.

General Motors Corporation has supported its Brazilian branch, with 85 per cent. of the branch's $81.5m. debt-related financial outlays owed to the head office.

Depite last year's difficulties, General Motors of Brazil is going ahead with plans to expand its Chevette line, introduce a new *model in the Opala range*, and diversify its lorry range. Its president, Sr. J. J. Sanchez, announced that it has the American corporation's backing for these plans.

Despite restriction on the use of petrol, sales of passenger vehicles in Brazil rose substan*tially in the first quarter of 1978* and, somewhat to their surprise, car manufacturers as a whole are expecting a good year.

Molson-Diversey

Molson Companies has given notice to Diversey Corporation *of its intention to make an offer* to acquire any and all of the outstanding shares of Diversey at $U.S.28 a share, reports AP-DJ from Toronto. Molson currently holds about 11 per cent. of Diversey's stock.

Consolidated Foods third quarter ahead

CHICAGO, April 27.

CONSOLIDATED Foods, the *diversified consumer products* concern, raised its net profits in the third quarter of its financial year by 11.3 per cent., to $21.6m., from $19.42m., in the same period of the previous year.

The increase is broadly in line with the estimate given by the *chairman* and chief executive, Mr. John H. Bryan, Jr., early this month, when he forecast that profits for the full fiscal year, as well as those for the third quarter, would be up about 10 per cent.

The profits for the three *months to April 1, equivalent to* 71c a share, against 64c., have been achieved on a sales growth of 31 per cent., to $917.6m. from $700.8m.

The results include for the first time, sales and earnings *from Douwe Egberts, the Dutch*-based international producer of coffee, tea and tobacco, in which it acquired a 65 per cent. stake from a family group for $138m. in the second quarter.

It was announced this month that the company would report *100 per cent. of the sales of* Douwe Egbert, but would remove the 35 per cent. minority interest when computing the acquisition profits.

Over the first nine months of the year, the company raised its net profits by 10.2 per cent., to $87.46m., *or $.24 a share, from* $81.20m., or $2.03 a share, a year earlier. Sales increased by 14.5 per cent. to $2.44bn., from $2.13bn.

Agencies

Hoover rise despite fall in sales

BY OUR FINANCIAL STAFF

HOOVER COMPANY, the U.S. group which owns over half of Hoover Limited of the U.K., reports a rise of 9.5 per cent. in its first quarter earnings, to *$3.9m., from $3.6m. in the same* period last year.

The advance took place in spite of a marginal fall in sales, of 0.3 per cent., to $144.4m., from $144.8m. Net income per share was 30 cents, compared with 27 cent. The 1977 figures are restated to allow for a change in lease accounting.

In 1977, Hoover Company raised its net profits for the full year to $23.5m., from $6.8m. in 1976, helped by a fourth quarter gain from foreign currency translations of $2.78m., against a year-earlier loss of $1.57m. Sales for 1977 were $590.7m., compared with $571.9m. in 1976.

Reduced loss for Lykes

YOUNGSTOWN, April 26.

LYKES CORPORATION, the *Ohio steel group*, reports a reduced loss of $25.9m. for the first quarter of 1978, compared with a loss of $31.8m. for the same period of 1977 reports AP-DJ. Sales totalled $449.4m. against $410.4m previously.

Georgia bank bid nearer

ATLANTA, April 27

THE NATIONAL Bank Georgia said that its settleme with the SEC regarding B. Lance removes "one of major" barriers to a propos offer by a Saudi Arabian exe tive to buy 60 per cent of bank's stock.

Robert P. Guyton, the ban president, said there are couple of other regulato matters to be resolved" to cle the way for the stock-tender of initially proposed by Ghaith Pharaon last December.

That was when Mr. Phara purchased 60 per cent. of 200,767 shares of the bank wh were owned by Mr. Lance, a indicated an intention to exte the offer to other sharehold at a price of $20 a share for to three-fifths of the bank's 1.2 shares outstanding.

The proposed offer was delay to May 15 from March 15, t bank has stated.

AP-DJ

New service offers U.S. information

THE Business Information Se vice of the Financial Times h reached an agreement with t United States-based compa Disclosure Incorporated to pr vide a unique service to Briti and European businessmen r quiring detailed financial info mation on all companies quot on the United States sto exchanges.

The service offers, either an annual subscription or on ad hoc basis, microfiche or pap copies of all annual and period reports that have been filed wi the Securities and Exchan Commission in the United State

AMERICAN QUARTERLIES

ANHEUSER-BUSCH

First Quarter	1978	1977
	$	$
Revenue	474.0m.	391.0m.
Net profits	20.0m.	18.0m.
Net per share	0.45	0.39

ARVIN INDS.

First Quarter	1978	1977
	$	$
Net profits	5m.	7m.
Net per share	0.70	1.07

BAKER INT.

First Quarter	1978	1977
	$	$
Net profits	18m.	14m.
Net per share	1.27	1.01

FOREMOST-McKESSON

Fourth Quarter	1978	1977
	$	$
Net profits	13m.	11m
Net per share	0.93	0.80

FOXBORO

First Quarter	1978	1977
	$	$
Revenue	82.0m.	81.0m.
Net profits	5.0m.	7.0m.
Net per share	0.58	0.83

GEN. PUBLIC UTILITIES

First Quarter	1978	1977
	$	$
Net profits	39m.	40m
Net per share	0.65	0.73

HUDSON'S BAY OIL & GAS

First Quarter	1978	1977
	$C	$C
Revenue	—	—
Net profits	28m.	26m
Net per share	1.49	1.38

HUGHES TOOL

First Quarter	1978	1977
	$	$
Revenue	127m.	107m.
Net profits	11m.	11m
Net per share	0.80	0.84

HUSKY OIL

First Quarter	1978	1977
	$	$
Revenue	141.0m.	125.0m.
Net profits	9.0m.	7.0m.
Net per share	0.82	0.68

INTERLAKE

First Quarter	1978	1977
	$	$
Revenue	204.0m.	181.0m.
Net profits	*1.0m.	3.0m.
Net per share	—	0.44

* Loss.

INTERPUBLIC GROUP

First Quarter	1978	1977
	$	$
Revenue	64.0m.	60.0m.
Net profits	2.0m.	1.0m.
Net per share	0.65	0.29

MARTIN MARIETTA

First Quarter	1978	1977
	$	$
Revenue	348.0m.	309.0m.
Net profits	18.0m.	22.0m.
Net per share	0.75	0.93

MASCO

First Quarter	1978	1977
	$	$
Revenue	134m.	107m
Net profits	15m.	13m
Net per share	0.56	0.49

MISSOURI PACIFIC

First Quarter	1978	1977
	$	$
Revenue	288.0m.	267.0m.
Net profits	16.0m.	22.0m.
Net per share	1.22	1.61

N. STATES POWER

First Quarter	1978	1977
	$	$
Revenue	289.0m.	240.0m.
Net profits	36.0m.	31.0m.
Net per share	1.21	0.92

OUTBOARD MARINE

Second Quarter	1978	1977
	$	$
Revenue	198m.	190m
Net profits	13m.	15m
Net per share	1.61	1.79

PEPSICO

First Quarter	1978	1977
Revenue	818.0m.	678.0m.
Net profits	36.0m.	31.0m.
Net per share	0.42	0.36

PHELPS DODGE

First Quarter	1978	1977
	$	$
Revenue	230.0m.	254.0m.
Net profits	6.0m.	9.0m.
Net per share	0.20	0.45

PUROLATOR

First Quarter	1978	1977
	$	$
Revenue	94m.	86m
Net profits	3m.	2m.
Net per share	0.59	0.34

[illegible]NDA INNS

First Quarter	1978	1977
	$	$
Revenue	73m.	66m
Net profits	0.8m.	0.7m
Net per share	0.03	0.03

REVLON

First Quarter	1978	1977
	$	$
Revenue	307m.	242m
Net profits	27m.	21m
Net per share	0.88	0.70

SCHLUMBERGER

First Quarter	1978	1977
	$	$
Revenue	621.0m.	513.0m.
Net profits	97.0m.	80.0m.
Net per share	1.14	0.93

STANDARD OIL OF CALIF.

First Quarter	1978	1977
	$	$
Revenue	5.7bn.	5.4bn.
Net profits	229.0m.	224.0m.
Net per share	1.34	1.32

STAUFFER CHEMICAL

First Quarter	1978	1977
	$	$
Revenue	430.0m.	400.0m.
Net profits	53.0m.	46.0m.
Net per share	2.40	2.11

SUN

First Quarter	1978	1977
	$	$
Revenue	1.7bn.	1.6bn.
Net profits	77m.	82m.
Net per share	1.31	1.38

WARNACO

First Quarter	1978	1977
Revenue	88.0m.	91.0[illegible]
Net profits	2.0m.	0.5[illegible]
Net per share	0.36	0.[illegible]

Wm. WRIGLEY Jr.

First Quarter	1978	1977
	$	$
Revenue	95.0m.	90.0[illegible]
Net profits	5.0m.	6.0[illegible]
Net per share	1.26	1.[illegible]

BRIEFLY

Upsurge at Liggett Group

AMONG those reporting rises in net profit for the first quarter of 1978 was **Liggett Group** with 97 cents per share against 65 cents for the same 1977 period. Also ahead was **Southern Natural Resources** with $1.48 going against $1.14 and **Giddings and Lewis** (83 cents a share up from the 32 cents in 1977). **Transcanada Pipelines** rose to 59 cents a share in the period from 53 cents, and **American Natural Resources** reported a gain to $3.35 a share from the $3.32 in the same 1977 period.

Rhone-Poulenc out of the red in spite of textile problems

BY DAVID CURRY PARIS, April 27.

RHONE-POULENC, with both its two main activities of chemicals and artificial fibres badly hurt by the recession, has none the less managed to produce sharply improved figures for 1977 which indicate that the worst of its traumas may be behind it.

Despite the fact that the group's textile operation Rhone-Poulenc Textile lost Frs.700m. in 1977—its third successive year of heavy losses—the group as a whole managed to convert a 1976 deficit of Frs.364m. into a surplus of Frs.84m. ($18.2m.).

However, this result was heavily influenced by exceptional items. Some Frs.258m. of income came from the sale of shareholdings by the group but no less than Frs.325m. of textile restructure costs has been charged against the year's results.

This restructuring involved mainly the closure of plants at five sites in France and the concentration of activities on nylon and polyester. The group's Brazilian textiles operations have remained profitable.

At the level of cash flow the *improvement is substantial*: Frs.1.44bn. against Frs.982m. permitting the group to cover out of its own resources industrial investment of more than Frs.1.45bn. Sales advanced by 10 per cent, on a comparable basis to Frs.23.61bn.

These results are encouraging because the main benefits of the drastic reorganisation in textiles *will not be felt immediately*, although the reorganisation will continue to impose heavy charges on the group owing to the possibility of substantial redundancies.

Preliminary indications for 1978 are that in both chemicals and textiles the past two months have shown signs of a modest recovery after a rather dismal beginning to the year.

CCF hits at controls

BY DAVID WHITE PARIS, April 27.

CREDIT Commercial de France, a leading French private bank, presented an optimistic picture for the current year now that the threat of nationalisation, posed by the general election, has been averted. But chairman Jean-Maxime Leveque, hit out at what he called the "barbarous practice" of controls imposed by the Government on the expansion of bank credit.

The present controls, which set a ceiling on the growth of the banking sector's credit operations, date back for five years, thus putting France in a unique *position* among the big industrialised countries, he said.

Presenting shareholders with the 1977 results, which showed an advance in net earnings from Frs.68m. to Frs.77m. ($16.7m.), M. Leveque urged the adoption of a fresh system to replace *uniform* controls on banking activity. This would include the setting of a fixed relation between banks' capital and credits and a re-defining of the role of banks such as the State-run Credit Agricole, which receive special treatment.

Profit optimism at SKF

BY WILLIAM DULLFORCE STOCKHOLM, April 27.

SKF, the Swedish bearings, steel and machine tools multinational, forecasts improved 1978 earnings, due mainly to exchange rate developments, notably the appreciation of the yen. The improvement will, it is hoped, be felt particularly on the bearings side which makes up 72 per cent. of group sales.

Although the engineering market remained weak last year and price competition was fierce, SKF's bearings business maintained its profit margins. The rise in the yen induced not a few customers to change their supplier "*not infrequently in* SKF's favour," the 1977 shareholders' report states.

The fact that SKF's pre-tax earnings nevertheless dropped *from Kr.256m. in 1976 to* Kr.156m. ($33.9m.) on a Kr.8bn ($1.73bn.) turnover was due to the continuing and growing loss on the steel side, which accounted for 14 per cent. of total sales. But the current order situation and market forecasts *indicate that sales of both* steel products and machine tools will pick up this year.

BMW plans to raise $64m. by rights issue

By Jonathan Carr

BONN, April 27.

BAYERISCHE Motoren Werke (BMW), the Munich-based car and motorcycle manufacturer, will propose to its shareholders meeting on June 27 a slightly reduced cash dividend *for 1977 and a substantial* capital increase via a DM133m. ($64m.) rights issue.

Last July saw a capital increase of DM66m. which took BMW's *nominal capital to* DM396m. Now the Board is proposing a further increase to a total *of* DM500m., chiefly through a one-for-four rights issue at a price of DM66.50 per DM50 nominal share. The new shares will be entitled to a half of the dividend for 1978, with full dividend rights for 1979.

Group *turnover last year* rose by 16 per cent. to DM5.6bn. and while profits did not keep pace, they are nonetheless described as "well above" 1976's already high level. The company began 1978 with the biggest order book in its history and sales are thought likely to increase this year by around 10 per *cent.*

The dividend proposal of DM9 per share instead of the DM10 paid in respect of 1976 had been widely expected. It reflects the effects of the new tax reform rather than a downturn in company performance.

Specialisation at Arbed

By David Buchan

BRUSSELS, April 27.

ARBED'S *recent acquisitions in* the Saar—control of Röchling-Burbach and Neunkircher *Eisenwerk and a stake in* Dillingen—will result in greater specialisation between the Saar plants and Arbed's Luxembourg operations, Arbed shareholders were told to-day.

The Luxembourg steel company, which had a net 1977 *loss of Lux.Frs.4.5bn. hopes* that the integration of its recent purchases will bring future benefits.

Arbed is currently negotiating a production arrangement with several southern Belgian steel companies in the Charleroi area. *But no final outcome* is likely before the middle of May. Arbed officials say. *Arbed does not intend to* make any financial link with the Belgian companies.

RESTRUCTURING AT MONTEDISON

The basis for a chemicals recovery

BY PAUL BETTS, RECENTLY IN MILAN

A MAJOR and long-foreshadowed restructuring of the troubled Italian synthetic fibres and textiles sector is to be announced to-morrow during the annual shareholders' meeting of the giant Milan-based chemicals *conglomerate, Montedison.*

Simultaneously, the chemicals group, whose parent company Montedison SpA reported record losses of L509bn ($620m.) will propose a massive capital writedown from L435bn. to L52bn. and a subsequent capital *increase to L355bn.* underwritten by a consortium of Italian banks led by the State medium term credit institute, Mediobanca. Mediobanca will also launch a *L75bn. bond* issue guaranteed on Montedison's fixed assets.

The financial moves *are* interrelated, and are the outcome of long drawn-out negotiation at government level. They form part of the latest attempt to reconstruct, structurally and financially, the company which is Italy's second biggest private *enterprise after Fiat. In so* doing it is hoped to establish the basis of a recovery for the entire chemicals and fibres sector, which effectively represents one of the backbones of the Italian industrial structure.

Tomorrow's meeting could be a watershed in the controversial history of the Montedison group. There appears at last to be *general political consensus* aimed at pulling the company out of the doldrums. After years of political conflicts over the future of the group and an *incestual war between the* various companies operating in the sector, the prevailing feeling is that Montedison as presently structured has reached the end of the road.

	1972	1973	1974	1975	1976	1977
MONTEDISON GROUP						
Sales	2,100	2,590	4,029	3,535	4,815	5,472
Profit/loss	−455	−33	+123	−163	−72	−465
Debt	1,858	1,824	213	2,775	3,062	3,430
MONTEDISON SPA (PARENT COMPANY)						
Sales	823	1,173	2,300	1,890	2,735	3,070
Profit/loss	−459	+6	+81	−73		−509
Debt	1,324		1,260	1,597	1,942	2,100
MONTEFIBRE SPA (MAIN FIBRE SUBSIDIARY)						
Sales	315*	344	427	403	588	550†
Profit/loss	−82	−11	−8	−117	−100	−112(5)
Debt	130	127	169	265	312	—

* Net sales. † Estimate. Figures in lire billions.

Over the last few months, there has been a concerted *effort by private industry*, political forces and trade unions to effect the long overdue recovery *of the group. The recovery* programme is based on the principle of maintaining Montedison in the private sector, a view now also being promoted by the powerful Communist party and the trade union leadership and not just by other large private complexes like Fiat, fearing to become isolated with the threat of an ever expanding *Italian State sector.*

The proposals for the fibres and textile sector are to co-ordinate the various Italian companies into one essentially private *group, rationalising the* existing concerns and their future investments. At the same time, the banking system through the intervention of banking consortiums will see to the financial reconstruction of the troubled companies.

For its part, the trade union leadership has indicated its willingness to accept—in theory at *any rate—the principle of labour* mobility, that obsolete plants can no longer be kept alive solely *for the sake of employment*, and the need for moderation in wage claims.

Montedison in this sense will represent a major test case for the country's attempt at an overall industrial reconversion, and the test this time will not *come so much from the political* parties and the other chemical companies, but from the union rank and file. The union base is now being given the opportunity *to show whether it is prepared* to accept its leadership's moderate guidelines with the renewal of a series of national labour contracts.

But perhaps the most significant aspect of the Montedison affair is the seeming political decision to maintain the group's "private" character and the current efforts of Italy's private sector to avoid the prospect of seeing its hold further eroded by the state sector.

A champion of this philosophy is the former Fiat managing director, Sig. Carlo de Benedetti, who on Thursday was appointed deputy chairman and managing director of the Olivetti group and is to take up the single largest stake of 20 per cent. in the mechanical-electronics company in a L.40bn. capital increase to consolidate Olivetti's financial position and its burden of accumulated debts.

Last year, the Pirelli group also launched a L.50bn. capital increase underwritten by a consortium of banks to reconstruct its financial position. In the Olivetti case, the Turin Fiat group, which has a holding in the company, agreed to the de Benedetti operation *although the* relationship between Fiat and Sig. de Benedetti remains strained. Indeed, Sig. de Benedetti resigned from the Fiat Board after barely three months following a clash of personalities and policies.

The private sector, which is effectively the only industrial sector still working with a degree of efficiency and profitability in Italy, has for long maintained *that if it were left alone and* given a reasonable basis of growth it could successfully expand and develop.

There is now a recognition that the state sector, now facing its most acute crisis since the war, is no longer a realistic model for an industrial reconversion programme.

While there is at last an apparent serious attempt by the Montedison management, private industry, and the political and social forces to tackle the fundamental weakness of the Milan-based conglomerate, the task to be accomplished pales into relative insignificance in the face of the much broader problems afflicting the entire state sector in Italy.

Setback forecast at Ciba-Geigy

BY JOHN WICKS ZURICH, April 27.

profits for 1978. At a Press conference in Basle by Dr. Louis von Planta, chairman and manag*ing director of Ciba-Geigy AG* expressed "concern" at the monetary situation, the economic development of major customer countries and a trend towards protectionism.

In 1977, parent-company net profits rose from Sw.Frs.117.4m. to *Sw.Frs.123.1m. following a* jump in group operating profit to Sw.Frs.420m. from Sw.Frs.320m. Dividend is being maintained.

Group sales dropped by 15 per cent. to Sw.Frs.2.66bn. in the first quarter of 1978, the result of the *sharp increase in the exchange* rate of the Swiss franc. In local currencies, turnover actually rose by 4 per cent. Business also suffered in the first three months from transport difficulties in the U.S. agro-chemicals sector.

In calendar 1977, overall turnover had shown 5 per cent. growth in Swiss-franc terms of Sw.Frs.9.94bn. with the rise in terms of local currencies amounting to 11 per cent.

Ciba-Geigy, which has in the course of the past few months announced seven acquisitions in the U.S., intends to concentrate future investments on projects in Switzerland, the U.S. and Brazil. Further takeovers are likely: last year Europe accounted for 46 per cent. and North America 26 per cent. of group sales.

* * *

A further fall in profits for Swiss *engineering concern* Sulzer Brothers is probably inevitable this year, parent company Gebrueder Sulzer AG said in Winterthur. In 1977, group profits *declined* by 21 per cent. to Sw.Frs.84m. ($42.8m.) and parent company net profits by 12 per cent. to Sw.Frs.41.46m. The Board is recommending an unchanged 14 per cent. dividend.

In 1978, Sulzer expects a further drop in orders on hand. Last year, new orders were 2 per cent. down in value to Sw.Frs.3.39bn. while turnover was down by 1 per cent. to Sw.Frs.3.5bn.

Demand for group products is weak, according to managing director Artur Frauenfelder, while competition is sharp and the group hit by the high exchange rate of the Swiss franc.

According to Mr. Frauenfelder, there has been no improvement in sales prices. The group is continually forced, particularly for large export orders, to offer competitive prices which do not fully cover costs.

Jardine Industries

JARDINE INDUSTRIES has appointed Wardley to advise the minority shareholders on the proposal whereby Jardine Matheson and Co. would acquire their shares for cash at $HK4.00 each, Extel reports.

Estel sees small upturn

BY CHARLES BATCHELOR AMSTERDAM, April 27.

ESTEL, the Dutch-German steel group, expects a gradual improvement in its results but will make a "not inconsiderable" loss this year. *This follows the* record net loss of Fls.41.6m. ($188m.) after Fls.69m. in 1976. Turnover was Fls10.1bn. (Fls.9.3bn).

The improvement will come from the EEC Commission's efforts to establish basis prices and to limit the volume of imports, and from Estel's own *reorganisation. The company* sees no need to shut down plant in view of its modern facilities and its favourable geographical situation.

But by savings on maintenance, energy and raw material costs, it hopes to save Fls.500m. at 1977 prices this and next year. Savings of Fls.400m. will be *made in the steel division alone.* Technical improvements to plant and reductions in the workforce will also lower costs.

The present European steel industry crisis is expected, however, to last into the 1980s and a lasting improvement can only come from increased demand. *Prospects for both domestic and* export markets are uncertain. Measures taken in the U.S. may reduce volume sales there, although prices will rise.

The steel division expects to produce around 10m. tons of crude steel annually over the next few years, meaning a 70 per cent. capacity utilisation rate. *Capacity use in the first half* of 1978 is expected to be around 73 per cent.—up from 68 per cent. last year.

The steel processing division has been expanding into high technology activities and last year took holdings in or acquired three companies in Italy, Holland and Germany. It also set up *technical services companies* in Holland and Germany to sell complete installations.

Estel proposes paying no dividend for 1977.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

MEDIUM-TERM LOANS

Scandinavia sets the pace

BY FRANCIS GHILES

A LARGE number of medium-term loans are currently being negotiated, with most borrowers in a position to obtain from the banks softer terms than they did when they last approached the market.

There is no sign yet that this softening is about to come to an end, although some banks have in recent weeks lost mandates because they were not prepared to follow spreads down as much as some of their competitors.

Scandinavian borrowers are among the most active, and are reaping the full benefit of the softer terms. The Statoil $300m. ten-year loan which boasts a split spread of ⅝ per cent. for the first six years, rising to ¾ per cent., the finest ever for a Scandinavian borrower is now completed. Meanwhile Svenska Petroleum is raising $100m. for eight years on a split spread, of ⅝ per cent. for the first six years rising to ¾ per cent., terms which are slightly less fine than those for Statoil. Both loans carry a State guarantee and have Chase Manhattan Ltd. as lead manager.

The same bank is arranging a $75m. eight-year loan for Saga Petrokjemi, a private Norwegian company. *The loan is indirectly* guaranteed by the State, and includes two tranches. The first one, amounting to $53m. is in effect a refinancing operation. Terms are understood to include a spread of 1⅞ per cent. and an eight-year maturity.

The $22m. tranche, which is fresh money, includes a spread of 1⅞ per cent. and an eight year maturity.

Another Scandinavian borrower currently raising funds is the Bank of Finland, which is borrowing $100m. for eight years on a split spread of ⅝ per cent. for the first four years, rising to ¾ per cent., terms which are not quite as good as those obtained by Svenska Petroleum. Three banks are arranging the loan—Midland Bank, Nordic Bank, which is also agent, and Scandinavian Bank.

Iceland has also improved the terms on which it can raise money, but in rather more dramatic a fashion. The national Power Corporation is raising $60m. for ten years on a spread of ¾ per cent. throughout. Such a spread represents a fall of ⅛-¼ per cent. compared with the previous operation. Joint lead managers of the current loan are Hambros, Canadian Imperial Bank of Commerce and Mitsui.

Two other European countries are also arranging loans. Greece, through the Bank of Greece is raising $250m. for ten years on a split spread of ¾ per cent. for the first three, rising to ⅞ per cent. Lead manager is Bankers Trust International. *Of the total* figure, $200m. is understood already to have been underwritten. This is the first time the Bank of Greece has approached the market in 18 months, and it is unlikely to do so again this year. In view of this and Greece's low level of debt overall, the keenness of banks to pick up Greek paper is understandable.

The other European borrower is Bulgaria, which is raising $100m. for six years on a split spread of ¾ per cent. for the first two years, rising to ⅞ per cent. through Foreign Trade Bank. Lead manager is Lloyds Bank International. The improvement in terms for this borrower comes as no surprise, particularly following the terms its neighbour, Hungary, is now able to command.

Lloyds Bank International (LBI) is also involved in two other operations, in both cases as joint lead manager. The first is a $150m. eight-year loan on a spread of ⅞ per cent. for the Industrial Mining Development Bank of Iran, in which it has joined forces with Canadian Imeprial Bank of Commerce and Iran Overseas Investment Bank. The borrower has not provided a state guarantee.

The second operation, in which LBI has joined forces with Bank of Montreal and Citicorp is a $250m. ten-year loan for Mexico's Foreign Trade Bank. This loan boasts a spread of 1 per cent. for the first three years rising to 1¼ per cent.

The leading banks are offering a renewal fee of ¼ per cent. at the end of the first three years to those banks which participate in the loan but will not offer such a fee at the end of a six year period. This feature was already to be found in a large loan to Mexico's Nacional Financiera arranged last July.

JAPANESE DEPARTMENT STORES

Growth rates well below target

BY YOKO SHIBATA TOKYO, April 27.

SALES OF five major Japanese department stores, *Mitsukoshi*, Daimaru, Takashimaya, Matsuzakaya and Sogo continued to register single figure growth rates of 2 per cent. to 6 per cent. for the fiscal year ended in February. As a result of sluggish personal consumption and the warm winter climate, sales growth of all five stores was well below the original targets, personal consumption falling short of the store's cautious growth estimates.

Sales at Mitsukoshi totalled Y450.2bn. or $2bn., up 4.7 per cent. on the year, while at Daimaru they came to Y367.1bn. (up 3.0 per cent.), at Takashimaya to Y330.6bn. (up 6.5 per cent.), at Matsuzakaya Y257.1bn. (up 5.3 per cent.), and Sogo Y147.2bn. (up 2.9 per cent.).

With the exception of Mitsukoshi the companies suffered setbacks in operating profits.

Operating profits amounted to Y18bn., or $80m., at Mitsukoshi (up 4.6 per cent.), to Y7.1bn. at Daimaru (down 9.2 per cent.), and to Y7.6bn. at Takashimaya (down 9.1 per cent.), while at Matsuzakaya they were Y5.3bn. (down 12.9 per cent.), and at Sogo Y4.2bn. (down 4.1 per cent.).

Mitsukoshi achieved recurring profits of Y22.3bn. (up 11.2 per cent.) and posted a record net profit at Y10.3bn. (up 12.4 per cent.). *The store placed its main* stress on luxury products and directly imported goods which started to pick up in the latter half of the year. Its non-borrowing policy turned out favourably, improving the financial balance substantially.

Daimaru's recurring profits were Y5.5bn., up 14.5 per cent. and net profits were Y3.4bn., up 3 per cent. Takashimaya's recurring profits rose by 2 per cent. to Y6.3bn., but its net profits at Y3.2bn., showed no significant growth. Matsuzakaya showed a slight gain in recurring profits, at Y4.5bn. (up 2 per cent.), contributed to by a lowering of interest, with the fall in interest rates. Net profits of Matsuzakaya were Y2.1bn.

According to the Department Store Association, sales volume of the department stores last March surpassed that of supermarket chains for the first time *since 1971. The association says*, in the recovery phase of economy, there are moves in demand towards expensive and high profit margin goods such as women's wear, furniture, and art objects.

In view of this prospect, department stores expect profits to recover strongly. Mitsukoshi expects double figure growth in current profits.

Second half earnings surge lifts Romatex

By Richard Stuart

JOHANNESBURG, April 27.

ROMATEX, the quoted textile subsidiary in the C. G. Smith sugar group, has turned in record profits in spite of a low level of economic activity in all its major markets. After tax profits are up 29 per cent., from R8m. to R10.3m. ($11.8m.) on a 7 per cent. rise in turnover from R163m. to R174m. ($200m.).

This strong performance was aided by a significant improvement in earnings in the second half. The normal fourth quarter cyclical downturn in profits was less severe than in previous years and the interest bill was cut sharply.

The final dividend has been raised from 10 cents a share to 12 cents making a total distribution of 17 cents covered 2.6 times, against 13 cents last year on the same cover.
acquire a market quotation.

A modest increase in profits is forecast for the current year. The shares are currently trading at a new high of 165 cents, two and a half times the level of a year ago, though still yielding over 10 per cent.

Sasebo in new rescue plan

TOKYO, April 27.

FOUR MAJOR shareholders in Sasebo Heavy Industries Company have agreed to co-operate with the Government and banks to help salvage the ailing shipbuilder under a three-year reconstruction plan recommended by the Transport Ministry, a Ministry spokesman said.

The shareholders — Nippon Steel, Kurushima Dockyard, Nippon Kokan Kaisha and Missho-Iwai—will discuss how to provide guarantees for a Y8bn. ($35.5m.) bank loan needed by Sasebo to pay retirement allowances to 1,600 of its 6,600 employees as part of the plan.

The Ministry has asked the four shareholders to provide guarantees for the loan, which Sasebo is seeking from a banking consortium led by Dai-Ichi Kangyo Bank.

The Ministry and the company, however, would not give details of the three-year plan.

Sasebo said it has a backlog of orders sufficient to maintain operations until July or August but it added that it expects orders for a few tankers to be placed soon by overseas owners.
Reuter

FOREIGN BANKS IN INDIA

Moving ahead in spite of handicap

BY P. C. MAHANTI IN CALCUTTA

SINCE THE *nationalisation of* 14 largest Indian commercial banks, the foreign banks operating in the country have been subject to a major handicap. They have not been permitted to open new branches, although rapid industrialisation and the increasing monetisation of the rural economy have opened upne wopportunities for banking activity in India. Yet all the foreign banks have been doing well.

The growth in their deposits and advances has not matched that of the Indian banks, and the foreign banks' share of the total banking business has been diminishing because of the restraint on their operations. Even so, there was a n86.4 percent increase in deposits and a rise of 56.3 per cent. in the lending of the foreign banks over the period 1969-1976, with deposits rising to Rs.9.1bn. from Rs.4.870bn., and advances to Rs.6.3bn. from Rs.4.03bn.

An even more striking feature of the activity of these banks is a significantly higher rate of profitability than that of their Indian counterparts. The net profit of the foreign banks *expressed as a proportion of their* total earnings, came to 5.9 per cent. in 1976, as against only 1.8 per cent. for the Indian banks.

However, this is not altogether a matter of relative efficiency, since the Indian banks have to devote a part of their credit to small industrial borrowers at concessionary rates of interest, and to relatively high-risk borrowers such as farmers and village artisans in line with the Government's policy of extending bank credit in there sections on easy terms. The rapid expansion of branches also has been a mixed blessing for the Indian banks. Cost control has been hindered by the sudden increase in size, and the relatively poor calibre of staff recruited to man the new branches.

The foreign banks have been allowed latitude in providing *finance for small industry and agriculture*. This has left them free to concentrate on the larger sectors of industry and trade—to which they lend at relatively high rates of interest—and on foreign exchange business, a particularly profitable area. They have, moreover, earned a reputation for solid efficiency with all classes of customers.

In addition, their ability to keep costs under control, despite inflation, and higher staff wages, has meant that between 1969 and 1976, their expenditure rose by Rs.700m., against an increase in earnings of Rs.750m.

Being unable to open new branches, and thereby prevented from spreading their activity to new growth centres, some of them have taken to merchant banking in which they have been conspicuously successful. Foreign-controlled, even purely Indian, companies have turned to them increasingly for the floating of share issues. With one or two exceptions, Indian banks offer little competition in this line. Some of the foreign banks have also provided *a significant* service to Indian industry by aranging Eurodollar loans for shipping companies and for financial institutions engaged in development banking.

Clearly, the foreign banks have been playing a useful role in the Indian economy, although they operate mainly in metropolitan areas and the branches remain frozen at 130. The role would be more useful but for the restraint on their operations. For example, they could have reinvested part of their profits. The profits are being remitted to the head offices, though a substantial part could have been used in India to help expand economic activity in various sectors, and thereby to create more employment — which has been the main goal of Indian economic policy. Between 1970 and 1976, the foreign banks repatriated Rs.280m.

The Janata Finance Minister, Mr. H. M. Patel, recently told the Lok-Sabha that the Government was reviewing the policy *on permitting foreign comm*cial banks to open new branch The previous Governme deviated in two cases — allowed the Bank of America convert its representative offi in Delhi into a full-fledg branch, and permitted the Son Bank of Bangladesh to open branch in Calcutta, perhaps as reciprocity move. The prese Government has done nothing far.

Some 60 applications, fro foreign banks operating in Ind and others wanting to ope branches for the first time, a pending with New Delhi. Th Chartered Bank has applied f as many as 26 branches.

Others waiting include th Bank of America, Mercanti Bank, the British Bank of th Middle East, Banque Nationa de Paris and American Expres Among those wanting to ope branches for the first time a Chase Manhattan, Bank of Oma Bank of Credit and Commerc International.

It has been suggested th some of the foreign countries which Indian banks have alreac opened branches or want to ope for the first time, may deman reciprocal facilities for their ow banks, and indeed a few hav sounded out New Delhi i formally on the question. India banks have been steadily openin branches abroad — from a mer 40 a decade ago, the number ha gone up to about 100, an licences for another 40 have bee obtained. The branches a spread over 22 countries.

Considering the sharp increas in India's export-import trad and her burgeoning foreig exchange reserves, fed by a ample flow of remittances fro Indians working abroad, it i only natural that foreign bank with their resources, skill an international contacts, shoul seek a bigger share in th country's banking set-up tha they are allowed to-day.

BANKING BUSINESS IN INDIA

(End Year)
(Rs. Million)

	1969	1973	1974	1975	1976
Deposits					
Foreign banks	4,870	7,870	8,160	8,710	9,080
Indian banks	48,080	99,880	117,960	143,260	162,240
All banks	52,950	107,750	126,120	151,970	171,320
Share of foreign banks in total deposits of all banks per cent.	9.2	7.3	6.5	5.7	5.3
Credit					
Foreign banks	4,030	5,710	6,120	6,080	6,300
Indian banks	33,960	67,310	68,520	99,840	122,790
All banks	37,990	73,020	84,640	105,920	129,090
Share of foreign banks in total credit of all banks per cent.	10.6	7.8	7.2	5.7	4.9

Source: The Economic Times

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

	Bid	Offer
STRAIGHTS		
Alcan Australia 8¾pc 1989	94½	97½
AMEV 8pc 1987	97½	98
Australia 8½pc 1992	94½	95
Australian M. & S. 9½pc '92	98	98½
Barclays Bank 8½pc 1992	97½	98
Bowater 9½pc 1992	97½	98½
Can. N. Railway 8¾pc 1986	97½	98¼
Credit National 8½pc 1986	98¼	99
Denmark 8½pc 1984	100	100½
ECS 9pc 1993	98¼	98¾
ECS 8½pc 1997	93½	96
EIB 8½pc 1992	99	99½
EMI 9½pc 1989	95½	96
Ericsson 8½pc 1989	97½	98
Esso 8pc 1986 Nov.	101¼	102¼
Gt. Lakes Paper 8½pc 1984	98½	99¼
Hamersley 9½pc 1992	100	100½
Hydro Quebec 9pc 1992	96¼	97
ICI 8½pc 1987	97¼	98¼
ISE Canada 9½pc 1986	104½	105
Macmillan Bloedel 9pc 1992	96	96½
Massey Ferguson 9¼pc '91	96½	97½
Michelin 9½pc 1988	102½	103
Midland Int. Fin. 8½pc '92	98½	99
National Coal Bd. 8pc 1987	93	93½
National Westmnstr. 9pc '86	101¼	102
Newfoundland 9pc 1989	99½	100½
Nordic Inv. Bk. 8½pc 1988	97½	98½
Norges Kom. Bk. 9½pc 1992	97½	98½
Norpipe 8½pc 1989	97½	98
Norsk Hydro 8½pc 1992	96½	97½
Oslo 9pc 1988	101½	102
Ports Autonomes 9pc 1991	98½	99
Prov. Quebec 9pc 1993	96½	97
Prov. Saskatch. 8½pc 1986	99½	100½
Reed International 9pc 1987	92	93
RHM 9pc 1992	93½	94½
Selection Trust 8½pc 1989	91	92
Skand. Enskilda 9pc 1991	99½	100½
SKF 8pc 1987	93½	94½
Sweden (K'dom) 8½pc 1987	96½	97
United Biscuits 9pc 1989	99	99½
Volvo 8pc 1987 March	93	93½
NOTES		
Australia 7¾pc 1984	96	96½
Bell Canada 7¾pc 1987	94½	96
Br. Columbia Hyd. 7¾pc '85	94	94½
Can. Pac. 8½pc 1984	99½	100½
Dow Chemical 8pc 1986	98	98½
ECS 7¾pc 1982	97	97½
ECS 8½pc 1989	98¼	98¾
EEC 7¾pc 1982	97½	98
EEC 7¾pc 1984	96	96½
Enso Gutzeit 8½pc 1984	97½	98
Gotaverken 7¾pc 1982	97½	98½
Kockums 8pc 1983	96½	98
Michelin 8½pc 1983	99½	100½
Montreal Urban 8¾pc 1981	100½	101½
New Brunswick 8pc 1984	97½	98½
New Bruns. Prov. 8¾pc '83	100½	101½
New Zealand 8¾pc 1986	98½	99½
Nordic Inv. Bk. 7¾pc 1984	96½	97
Norsk Hydro 7¾pc 1982	97½	98
Norway 7¾pc 1982	96½	97
Ontario Hydro 8pc 1987	96½	97
Singer 8½pc 1982	100½	101
S. of Scot. Elec. 8¾pc 1981	100	100½
Sweden (K'dom) 7¾pc 1982	97½	98¼
Swedish State Co 7¾pc '82	98	98½
Telmex 9½pc 1984	99½	100½
Tenneco 7¾pc 1987 May	94½	95
Volkswagen 7¾pc 1987	95½	96½
STERLING BONDS		
Allied Breweries 10½pc '90	90½	91½
Citicorp 10pc 1993	91¼	92¼
Courtaulds 9½pc 1989	90½	91½
ECS 9½pc 1989	94½	95½
EIB 9½pc 1988	94½	95
EIB 9¾pc 1992	94½	95½
Finance for Ind. 9¾pc 1987	91½	92
Finance for Ind. 10pc 1989	91½	92½
Fisons 10½pc 1987	94½	95½
Gestetner 11pc 1988	94½	95½
INA 10pc 1988	90½	91½
Rowntree 10¾pc 1988	90½	91½
Sears 10½pc 1988	90½	91½
Total Oil 9½pc 1984	93½	94½
DM BONDS		
BFCE 5¾pc 1988	97½	98½
BNDE 6½pc 1986	95½	96½
CFE 6½pc 1988	95	96
Denmark 5½pc 1984	99½	100½
ECS 5¾pc 1990	94½	[illegible]
EIB 6pc 1990	95½	96½
Electrobras 6½pc 1987	95	96
Euratom 6½pc 1987	97½	98
Eurofima 5¾pc 1988	99½	100½
Finland 5½pc 1986	96½	97½
Forsmarks 5¾pc 1990	96½	97½
Mexico 6pc 1985	94½	96½
New Zealand 5¾pc 1990	99½	100½
Norcem 5¾pc 1989	98½	99½
Norway 4½pc 1983	99½	100½
Philippines 6½pc 1989	94½	95½
Rautaruukki 6½pc 1986	96	97
Sweden 6pc 1989	99½	100½
Tauernautobahn 5¾pc 1993	98	99
Trondheim 5¾pc 1993	96½	97
TVO Power Co. 6pc 1988	96½	97½
Venezuela 6pc 1988	96½	97½
World Bank 5¾pc 1990	97½	98
FLOATING RATE NOTES		
Bank of Tokyo 1984 7 13/16pc	99½	100
BFCE 1984 8¼pc	99½	100½
BNP 1983 8 11/16pc	100½	101½
CCF 1983 8pc	100	100½
CGMF 1984 7¾pc	99	99½
Creditanstalt 1984 7¾pc	99½	100½
Credit Lyonnais 1982 8pc	99½	100½
DG Bank 1982 7 13/16pc	100	100½
GZB 1981 8 1/16pc	100½	101½
Intl. Westminster 1984 8pc	99½	100½
Lloyds 1983 7¾pc	100½	100½
LTCB 1982 8pc	99½	100½
Midland 1982 8pc	101½	101½
Midland 1987 7 11/16pc	99½	99¾
OKB 1983 7¾pc	100	100½
SNCF 1985 8¼pc	99½	99½

Source: White Weld Securities.

BOOKS

ILLUSTRATED VOLUMES

Pilgrim poet

BY C. P. SNOW

Chaucer and His World by Derek Brewer. Eyre Methuen, £9.95. 224 pages

This is a beautiful book. To gin with, it is a triumph of sign and production. There re 14 colour plates, most of hich will come quite fresh to aders, even to those who are terested in medieval history. he same applies to the black-nd-white illustrations. The type-ce is an example of clarity and egance. As a not insignificant ature of the whole, the text is bout as good as it could be. ltogether, if there were justice this world, which there isn't, r even common sense, which ere isn't either, *Chaucer and is World* would command ueues in the bookshops.

I have to make one demur, and ne that I have to keep on aking. The accuracy of the xt-setting is nothing like up to e standard of the rest of the roduction. Now and then it ems as though a mad com-ositor has been let loose and as interposed a line which ust have come from another age — or possibly from en another book. When did e last see an English book free om typographical nonsense? At hat stage does this sloppiness eep in? I remember my own rst books in the 1930s being maculately printed—from com-ercial publishing houses, taking o special trouble. I don't think have seen a book immaculately inted in this country during e past ten years.

Back to more pleasant things. r. Brewer is Reader in Medieval nglish in Cambridge, which on e evidence of this book must e very good for English studies ere. He is an excellent writer, nows a lot about men and omen and the world in general, as psychological and historical nagination, and is exceptionally ood at using his own personal xperience of service life and peasant existence in other countries (such as parts of Italy and Japan which are still rural) to draw contrasts and parallels with 14th-century England. He gives the impression, and it is an enlivening one, that he knows 14th century England as though he had visited it yesterday.

He doesn't play down its horrors, sordidness, animal poverty, filth. He may perhaps play down a trifle the sheer boringness of the serf existence from which nearly *all* of us descend. He is, of course, right to stress that most men and women at all times have lived their existential life and haven't been overwhelmed by their fate. Fourteenth century Englishmen died as young as Indians a generation ago. You were lucky if you reached 40. Most of your children died in infancy.

But the survivors still had their existent joy. It is true, and Dr. Brewer rubs it in, that they didn't seem specially shattered by the Black Death of 1348 and subsequent epidemics, which probably eliminated about half the population. That didn't leave anything like the psychological scar that economic affliction (the German inflation of the 1920s, the English slump in the 1930s) left in the folk memory of industrial societies in our time.

Brewer's picture of Chaucer is entirely convincing. We know more about him than we do about Shakespeare, mainly because he was for most of his life a court official, in our terms something like a middle-rank civil servant. His family connections were not grand, but useful. He came from the merchant stratum, which was already developing its own independence and its own relation with the ruling class around the court. For instance, the sister of Chaucer's wife was the mistress, and later the wife, of John of Gaunt, time-honoured Lancaster (who, by the way, appears not to have been *particularly* honoured and died in his mid-50s.

A lady has a fitting for a new dress in Chaucer's day: one of the illustrations in the book reviewed to-day. Notice the scissors; Chaucer is the first person to be recorded as using the word in English

Chaucer didn't make much of a mark as an official, so far as one can judge. He had more opportunities than most, he had good French (the court language was just changing to English) and Italian, which made him useful as an emissary. But his own self-portrait, which, though it is mocking, has some of the ring of truth, suggests a man unassertive, without much personal command, one of nature's spectators. He may not have been much fun to meet. Intellectually, he was exceptionally clever, and one of the most widely educated men in England. He seems, very rare in his own time, rare at any time, to have had both a taste and talent for private reflection and introspective brooding.

It doesn't need saying that that was one of the gifts which made him among the greatest writers in the language. If we leave Shakespeare out of it, who is greater? So far as that goes, who can compare with him?

Born in the 19th century, he would have become a supreme novelist, something like a more controlled and judicious Balzac. As it was, he made the first major psychological-social landscape in English. Then at the end, he repented of all his sinful writings, rather like the dying Aubrey Beardsley, whom he didn't otherwise resemble in the *slightest particular*. Brewer interprets Chaucer's renunciation in the context of his time and his conforming temperament, and one ends the book with a sense of something like understanding and fulfilment.

Fiction

Compulsive urges

BY MARTIN SEYMOUR-SMITH

Palace Without Chairs by Brigid Brophy. Hamish Hamilton, £4.95. 295 pages

The Family by David Plante. Gollancz, £5.60. 301 pages

Hunt by A. Alvarez. Macmillan, £4.95. 241 pages

Whiskey Man by Howell Raines. Alison Press with Secker and Warburg, £4.50. 247 pages

The Chelsea Murders by Lionel Davidson. Cape, £3.95. 236 pages

The Face of Terror by Emanuel Litvinoff. Michael Joseph, £5.95. 283 pages

Brigid Brophy's new novel, and ssuredly her best — is highly terary (if one thinks of Ruritania as well as Shaw, Kafka, the rench nouveau roman and uch else as coming into that ategory). But no reader need ave more than average literary nowledge to appreciate its nostalgia, its wit, and its cunning. he has managed, in the English ay, to entertain without sacrificing an ounce of literary integrity. And if, as I have implied, she has been careful not patronise her readership with parade of specialised knowledge, she will nevertheless send any of us to (or back to) important works.

Palace Without Chairs requires a whole essay to do it e justice. A reviewer's first b is to recommend it as essential reading. I do so, and add ly that it will be enjoyed ually by those who like *The risoner of Zenda* (the Colman-airbanks version, of course) d those who like *The Castle*. e challenge it poses is to get to see the best in both, and it to be snobbish and unrealis-. But there is no question (of urse) of anyone's attempting rehabilitate Hope as a writer the calibre of Kafka. . . . "We find ourselves in Evarchia, Ruritania which has been Kafkarised." This is not as fantastic as it sounds—especially if we examine what really goes on in our minds, and the way in which this affects our behaviour. It also reminds me of the story about the Hungarian critic Lukács: when he returned from a spell of imprisonment for having served in the government of the murdered Nagy, this arch-enemy of "uncommitted" literature remarked: "So Kafka was a realist after all." Brigid Brophy has written a novel in which the harsh realities of party politics are combined with the romance of childhood; she even preserves the best of the latter. She is as witty and sharp as she is immensely subtle.

One wonders how, in the heat of her unceasing campaign to get a just Public Lending Right for authors (a principle now supported by all parties except the National Front), she managed to achieve this. But perhaps she achieved it partly because of the defeats (and triumph) she has suffered. . . . It is certainly a remarkable novel by a remarkable woman, and one must hope that it will be very widely read.

David Plante, who is American, is frequently compared with Henry James because of his sensitivity to the morality that lies behind relationships. In his sixth novel, *The Family*, which is about a French-Canadian family living in a New England town, he tends to rest on his past laurels—which cannot quite bear the weight.

The Family is a convincing story of the decline of a man and the gradual withdrawal from him of his wife and sons; it is well told. David Plante is never less than competent. But his theme is really better than his narrative, which he has not worked out carefully enough. Thus he lapses into an ugly, empty and meaningless rhetoric (especially at the end) when he ought to be employing his considerable gift of conveying complex emotion. However, no novelist can be at his best all the time, and there is much that is excellently observed here, even if as a whole it fails.

Al Alvarez is too well known as a critic and nothing like as well known as he should be as a poet. His poetry, about which he is over-modest, can be outstanding as is proved by *Autumn to Autumn* (Macmillan £3.95, 61 pages); not enough know about this. But his novels of which this is the second, are not as good as his criticism. Or not so far. *Hunt* is about a would-be painter who wants to make a big gambling win; meanwhile he works in an office and his wife watches the television. Hunt is a thoroughly unconvincing character, and his compulsion to gamble at cards is not well dealt with. Thus *Hunt* fails both as a psychological novel and as a thriller. This is a pity, for the author is a gifted man—one of the best minds of his generation. It seems that in fiction he falls victim to all his faults; few of his virtues emerge.

Whiskey Man, by the American author of the much acclaimed "oral history" of the American Civil Rights Movement *My Soul is Rested*, is set in Alabama in 1932. It is another of those novels from America that cause one to feel that conventional realism is by no means dead: that it can very often, in certain contexts, deal perfectly adequately with every issue. *Whiskey Man* does deal with what for all of us is pretty familiar territory: the Southern nexus of violence, drink, sex and idiocy.

A novelist has to be good to be noticed in this area. But Howell Raines is at least good enough, in a first novel, to make us want more. He is graphic and honest, and when he has learned to control his tendency to rhetoric he seems likely to write an even more profound analysis of the South. His drunken central character Bluenose Trogdon is meanwhile quite unforgettable—improbable though he is, we believe in him.

-- Al Alvarez: taking a gamble

The Chelsea Murders is something really special: it is for those who enjoy serious novels and whodunnits. Although quite different from Julian Symons (our own master of the serious thriller), Davidson is quite as good. There is a head in a basin here; but much intelligence and fine observation too. The best detective story for some time, and a good novel. Come—as they used to say in pre-inflation days—buy.

The Face of Terror completes Emanuel Litvinoff's trilogy of the Russian Revolution. The first two parts were called *A Death Out of Season* and *Blood on the Snow*. We have now reached December 1934 and the beginning of Stalin's reign of terror. This author knows what he is writing about—his parents were Russian Jews living in Whitechapel—and he is a more than merely competent novelist. He conveys with sometimes unbearable power the incredible complexity which underlay the brutalities of Stalin's "purge": one of his greatest achievements is to be psychologically penetrating even while expressing disgust. This is a fitting conclusion to a revealing epic novel. The story itself is exciting and complicated — and utterly convincing.

In Short

Communism by Rex Winsbury. Hamish Hamilton. £4.50, 96 pages

Capitalism by Peter Donaldson and Harold Pollins. Hamish Hamilton. £4.50, 96 pages

To simplify complicated concepts without distortion, and to present them without condescending to the reader, is an art which is bravely and successfully attempted in these two volumes of the People and Politics series. Rex Winsbury perhaps had the easier task in that there is a measure of agreement in Britain about the ideology of communism and the way it is practised, whether in Russia, China, the Eastern Europe satellites or Cuba, but his clear analysis and thoughtful discussion of the issues raised for the West could not be bettered for students of any age.

Because our attitudes to capitalism are often ambivalent it is a trickier topic to handle. Peter Donaldson and Harold Pollins write crisply once they have covered its origins and survey the immediate past, from Keynesian theory to monetarism. As with communism it is interesting to see how many faces the system can display.

Both volumes are richly and aptly illustrated but was it necessary to include in Capitalism a photograph of a stereotype Arab in front of a rack of shoes outside a shoe shop with the caption:

"Very large increases in oil prices in the 1970s particularly benefited Middle Eastern countries. This Arab could easily buy the whole rack of shoes, the whole shop"?

SARAH PRESTON

A Biographical Dictionary of British Architects, 1600-1840 compiled by Howard Colvin. John Murray, £30.00. 1,080 pages

The first edition of this unrivalled work appeared in 1954. The present is a vastly enlarged and revised edition taking the commencing date back to 1600 from the previous 1640, with, for the first time, the inclusion of Scottish and Welsh architects in addition to those from this country (a dictionary of Irish Architects is in active preparation from another source).

The past twenty years have, as Mr. Howard Colvin writes: "made it possible to investigate many new sources and to exploit some old ones in a much more systematic manner than could be attempted in the 1950s." For instance, the article on James Paine (1717-1789), architect of Richmond Bridge, Surrey (and others) and of some fine town houses, including Albany in London's Piccadilly, merits one page in the 1954 edition and six pages in the present edition, with larger pages and smaller type.

The amount of detailed research is prodigious in this compilation, an essential reference work for any architectural historian, the whole endowed with an aura of quiet scholarship as fitly emanating from a Fellow of St. John's College, Oxford.

H. A. N. BROCKMAN

Curry on ice

BY CLEMENT CRISP

John Curry by Keith Money. Michael Joseph. £8.95, 224 pages

Marcel Marceau: Master of Mime by Ben Martin. Paddington Press. £6.95, 275 pages

Other people have skated and won a multitude of medals. Others have offered something called "ice-dancing," and I wish they hadn't. John Curry is unique in that his artistry is as sure as his unchallenged technical mastery. In John Butler's *Icarus*, the best work made for him, Curry transcends the conventions of skating and the hiss of blades on ice, so that everything is forgotten save the image of the tragic hero.

If, as this new book suggests, Curry is a dancer *manqué* then ice-skating has gained far more than the ballet theatre has lost, for he has, by the force of his talent and his determination, made us see skating as truly an art of the theatre. Curry is a pioneer, and courageous in his pioneering. He is also a star whose stage *persona* seems the quintessence of that mysterious and poetic figure, the lonely skater swooping and spinning without effort over the surface of the ice.

In this detailed account of Curry's career Keith Money has provided a large collection of photographs of his subject in performance and rehearsal, with a running commentary assembled from tapes of Curry's conversations.

Most interesting is the insight we gain into the physical and spiritual stamina that brought Curry to world and Olympic triumph. Thereafter discussion about such commissioned pieces as *Winter 1895* and *Valse Glace* (incomprehensible title) are little more than space-filling. Curry is at his best, and so is Money, in the works that offer artistic challenge—*Icarus* and *Faune*. Here the intensity of Curry's interpretations and the magic of his performance are clearly discernible.

I am not enamoured of the volume as a piece of book production. The glossy paper seems flimsy; the full-page pictures could with advantage have been "bled" to the edge of the paper; seven pages of photographs showing Curry at his dressing-room mirror are six too many. But for Curry's vast public this is more than dutiful hagiography: it is a portrait of the young man as an artist.

In his *Marcel Marceau: Master of Mime* — alliterative title of the year—Ben Martin has produced an extended photographic essay about his celebrated subject. There are a great many fine pictures, in colour and black and white, which celebrate Marceau, in performance and off stage, and a brief introductory essay about mime and about Marceau. A book ideal for Marceau's millions of fans — of whom, sadly, I am not one—it is well produced, and Ben Martin's photographs are of unquestioned excellence.

Art in soft-covers

BY WILLIAM PACKER

The Sistine Chapel, by Lutz Heusinger and Fabrizio Mancinelli. Constable £3.95, 96 pages

Michaelangelo, his life and work in chronological order by Lutz Heusinger. Constable, £3.95. 96 pages

Selected drawings of Gian Lorenzo Bernini, edited by Ann Sutherland Harris. Dover, £3.60. 100 plates

Movie Star Portraits of the Forties, edited by John Kobal. Dover. £4.25, 163 plates

Accessibility is one of the vogue principles of our time, to which all well-meaning, right-thinking, which is to say middling leftish people must surely subscribe; and the glossy Art Paperback has come to be one of its main cultural agents, actively dispelling the odour of élitism and privileged superiority that attaches to the tome on the coffee-table and the latest exhibition's hefty catalogue. Fairly painless to acquire, moreover, and unquestionably taking most of the walking out of appreciation, it is, Sellars and Yeatman would agree, a Good Thing: and the fact that it, too, goes well with the furniture is rather beside the point.

No book on Art can ever take the place of the Art itself, can ever be anything more than an excellent aide-memoire. What we see inside it is often in practice unseeable, a travesty of the real experience, frescoes floodlit as never before for the camera, sculpture flattened and out of scale, the touch of a drawing lost altogether by the mechanics of reproduction. But the tome at least is likely to enjoy a certain scope, the catalogue likely to relate to what has actually been seen: the slim volume, the primer remote from its subject, may merely tease and mislead, for all its honest and worthy intentions.

Two such primers have been put together by Lutz Heusinger, one, in collaboration with Fabrizio Mancinelli, *The Sistine Chapel*, the other *Michaelangelo; his life and works in chronological order*. Each is provided with a short historical and descriptive introduction, and they are copiously illustrated, if erratically numbered, the plates excellent in themselves, especially so at the price. *The Sistine Chapel* is the more satisfactory of the two simply for being concerned with the more contained kind of subject, the work more amenable to simple, itemised reproduction, though we get little sense of the physical situation of the paintings, of the place itself. Sculpture is another matter, and given the range of Michaelangelo's life's work a ration of one plate per work is hopelessly insufficient: what we have is an illustrated list, which has its uses, of course.

Selected Drawings of Gian Lorenzo Bernini, is another list and hardly claims to be anything else. The drawings chosen are of varying quality, many of them extremely slight, and of doubtful value even to the most pedantic of academics. It is a pity that the tiniest scribble by a great hand should be so celebrated in books of this kind, which reduces scholarship and appreciation alike to a superstitious reverence for the master's touch. Other drawings have all but disappeared, for chalk is notoriously the most delicate as it is the freest of the graphic media: but enough remain to demonstrate the virtuosity of the greatest master of the Baroque.

The 20th century brings us something quite different, and eminently suitable to reproduction. There has been in recent years a flood of photographic anthology and monograph that shows no sign of abating; and much work considered ephemeral in its own time has been retrieved. *Movie-Star Portraits of the Forties*, edited by John Kobal is rather more than you might expect it to be, seductive certainly, but also impressive in the case it makes for a particular photographic genre, the Studio Portrait. Betty Grable, Hedy Lamarr, Rita Hayworth, Greta Garbo and their peers face the camera dutifully, not unnaturally inspiring George Hurrell, A. L. Schafer, Ernest Bachrach, Frank Powolny and the rest to turn in something rather better than a good job.

Fan dance

BY B. A. YOUNG

Show Boat by Miles Kreuger. Oxford University Press, £11.95. 246 pages

Top Hat and Tails by Michael Marshall. Elm Tree Books. £6.95. 271 pages

Both these books are by single-minded devotees anxious to share with the world not only their knowledge but their enthusiasm.

Miles Kreuger is a professional. He is the President of the Institute of the American Musical, a busy writer and broadcaster, producer of innumerable record albums, PR man for Alan Jay Lerner and editor of *The Movie Musical*, among other things. His obsession with *Show Boat*, which celebrated its half-century last December, began with his sheer pleasure in it; but as he trenchantly explains in his book, the show set the American musical on a new and different course.

We have been able, if we are attentive enough, to study the change from recent London productions. We had a very decent *Show Boat* at the Adelphi in 1971; since then we have seen at least four pre-*Show Boat* American musicals—*Oh, Kay, No No Nanette; Irene* and *Very Good Eddie*. The increase of seriousness in *Show Boat*, in plot, in writing and in music, is so great as almost to signal the invention of a new artform. All right, a new entertainment form, then.

Miles Kreuger studies the genesis, gestation, birth and life story of *Show Boat* from a point even before Edna Ferber's decision to write the seminal novel, with a treasury of pictures (including six pages from the London 1971 revival) and appendices that give all the relative information imaginable about casting, films, discs, broadcasting and so on.

Top Hat and Tails: a picture on the dust-jacket and the fly-leaf of a handsome face with a cigarette, sandwiched between the brim of a topper and a white tie round the evening shirt. Of course. A new biography of Fred Astaire.

Not so, however, but of our own Jack Buchanan, for 40 years a matinee idol, a singer, dancer and actor at the top of his class who has never achieved quite the immortality of his American competitors, perhaps because of his single-minded uncomplication. He was not a public figure save on the stage or the screen.

Michael Marshall is a professional, just as Miles Kreuger is, but he is a professional engineer; his account of Jack Buchanan's almost stereotype life as actor and impresario needs an enthusiasm equal to his own to arouse more than an historiographical interest. But there are endless photographs of scenes from his shows (my favourite shows him teaching Laurence Olivier to tap-dance); and a bibliography and "discography" at the end. The book fills a gap for the numerous Buchanan fans who must still remain among us.

Nixon v. Frost

BY DAVID BELL

"I Gave Them A Sword": Frost on Nixon by David Frost. Macmillan, £5.95. 320 pages

When David Frost, a Briton with a reputation in America, born largely of a relatively lightweight interview show, landed the contract to interview former President Richard Nixon on television there was abiding doubt that he was the right man for a uniquely difficult job.

In the event the interviews proved a great success, particularly the 1½ hours devoted to Watergate and Mr. Nixon's role in it. Mr. Frost proved equal to the task of drawing the former President out, persuading him to reveal more about himself—and more about his guilt—than he wanted to.

Characteristically Mr. Frost cannot resist from time to time being a trifle breathless about his achievement. A casual reader, knowing nothing of American politics, might conclude from parts of this book that Mr. Frost and his able helpers were writing a critical chapter of American history rather, perhaps, than a longish footnote.

Yet Mr. Frost has always been prone to over-exaggerate and this "Gosh how super" approach has long overshadowed a much more impressive side and therein lies the interest of this book. The Frost team prepared painstakingly for the interviews, but underlying their preparation was a measure of controlled anger that he had got away with it, a determination that he be called to account.

To his credit Mr. Frost resisted this and his book is marked in places by obvious compassion for Nixon, a man whom Frost clearly still finds fascinating.

What does emerge—and this is the great strength of the book—is the extreme difficulty of actually conducting a television interview. The ex-President showed all his skill at slipping through carefully built traps, or avoiding them, or shamelessly using them to appeal to the viewer for sympathy.

In such a situation interviewing really is an art and in the Watergate section Mr. Frost takes us through the questioning skilfully showing how often it nearly "got away from him" and how usually he managed to get Mr. Nixon back to the point.

Mr. Frost is relatively candid about the times when Mr. Nixon led him a dance and very gracious about the help he received from his team. In the end the fact that he was not American—and that Mr. Nixon could not link him with some past tragedy—probably proved a great help. It certainly proved good television and it has been made the subject of a reasonably interesting book.

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Early 5 reaction on profit-taking

BY OUR WALL STREET CORRESPONDENT

NEW YORK, April 27.

PROFIT-TAKING, after the recent strong rally, brought a reaction on Wall Street this morning in reduced although still heavy trading, but part of the initial *loss was regained by mid-session.*

The Dow Jones Industrial Average retreated to 830.04 at 11.00 a.m. before picking up to 832.12 at 1 p.m. for a net loss of 4.85. The NYSE All Common Index was 19 cents cheaper at

Closing prices and market reports were not available for this edition.

$53.69, after earlier touching $53.53, while losses outpaced gains at mid-sessio nby a two-to-one ratio. Turnover came to *24.48m. shares against yesterday's* 1 p.m. figure of 30.72m.

Analysts said investors are cashing in on the profits made during the rally that began two weeks ago. The selling has been *prompted by a weaker dollar* overseas and yesterday's report of a $2.78bn. U.S. trade deficit for March.

Digital Equipment, on announcing a 20 per cent. jump in earnings, rose $1 to $44½, but Schlumberger lost ⅜ to $69⅜ despite improved profits.

Western Publishing, on reporting a loss, declined ⅜ to $18⅜, while Phelps Dodge were down ⅜ at $23⅜ on lower earnings.

IBM shed ⅞ to $261½—the company, which is being sued by the government on monopoly charges, began its defence after the government completed its case yesterday.

Gulf Oil, the most active issue, lost ¼ to $24, Chrysler, also active, declined ⅛ more to $11⅛, still reflecting the large first-quarer *loss.*

THE AMERICAN SE Market Value Index retreated 0.48 to 136.17 at 1 p.m. on volume of 2.31m. shares (2.61m.).

WEDNESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Dow Chemical	375,900	27⅛	−⅛
General Motors	355,300	60⅛	+⅞
Pepsico Inc.	351,900	26⅜	−⅛
Gulf Oil	319,700	24¼	−⅛
NCR Corpn.	294,800	50	−⅛
Champion Spark Plug	291,800	11⅝	+⅛
Eastman Kodak	280,400	51⅞	−⅛
Digital Equipment	278,600	43⅜	+⅛
General Electric	273,850	52⅛	+⅛
U.S. Steel	267,900	23⅞	+⅛
Sears Roebuck	261,800	25⅛	+⅛

OTHER MARKETS

PARIS—Bourse prices reacted sharply, sentiment affected by the rise in the Retail Price Index in March.

All sectors fell and the following four stocks went the day's limit down at the start—Raffinerie de Saint-Louis, Generale de Fondèrie, Jeumont and Creusot Loire.

Air Liquide retreated 11.4 to Frs. 301.6, Bougues 20 to Frs.650, Borel 11.5 to Frs.117.5, Michelin "B" 34 to Frs.1,450, and Poclain 8.8 to Frs.181.2.

AUSTRALIA—Markets made *further headway on a continuation* of the buying spree which began on Wednesday when traders celebrated news of a drop in Australia's inflation rate.

Investors were quick to respond to good news, and Ampol Exploration advanced 8 cents to $A1.46 on announcing a sharp first-half profits rise, a resumption of dividends and a six-for-five share split. *Ampol Petroleum added 6* cents at 85 cents.

The highly speculative Atherton Antimony jumped 15 cents to 81 cents on the release of some early assay results from its Vuda, Fuji; gold prospects which were richer than expected.

Uraniums rose on hopes of a start on the Nabarlek uranium product this dry season, with EZ Industries rising 7 cents to $A2.22, Queensland Mines 32 cents to $A1.98, Kathleen Investments 15 cents to $A1.65, and Peko-Wallsend 16 cents to $A5.06.

TOKYO—After improving further at the outset, stocks reacted to close mainly lower after a fair business. The Nikkei-Dow Jones Average lost 23.72 to 5,516.84, with volume amounting to 300m. shares (320m.).

Export-orientated Electricals, *Motors and Cameras fell following* a Press report of a record U.S. trade deficit with Japan in March. Sony retreated Y50 to Y1,850, Pioneer Y70 to Y1,810, Toyota Motor Y17 to Y943 and Ricoh Y13 to Y557.

However, petroleums rose following the fresh Yen appreciation in Tokyo, and some low-price issues, such as in Chemicals, Textiles and Non-ferrous Metals, were higher on sporadic buying.

Kaken Chemical gained Y66 to Y865, Sakai Textile Y22 to Y148, Toyo Jozo Y29 to Y337, Riken Vinyl Y24 to Y315, and Seika Sangyo Y22 to Y214.

GERMANY—There was again no clear trend in price movements, although the Commerzbank index rallied 1 more to 788.6.

Among Motors, BMW moved up strongly by DM8 to DM225 in response to its proposed DM9 dividend payment and plans for a capital increase. Daimler Benz were slightly higher, but Volkswagen slipped back DM2.80.

Electricals were narrowly mixed, while Chemicals, Machines and Steels closed little changed, but Banks were lower, Deutschebank receding DM1.80.

Bayer shed DM0.80 on the *reduced dividend declaration.*

AMSTERDAM—Generally lower levels prevailed.

Among Dutch Internationals, Unilever receded 4.5 to Fls.116.6 on the company's expectations that 1978 will be a difficult year. Royal Dutch lost 1.4 to Fls.128.0.

Elsewhere, Oce Van der Grinten shed Fls.2.5, Van Ommeren Fls.3 and Pakhoed Fls.1.8, but Algemeine Bank put on Fls.1.5.

State Loans also declined. The Fls.159m. 6¾ per cent. 20-year State Loan, issued at 99.5 per cent., was traded at 98.9.

CANADA—Stocks were broadly lower in fairly active early trading yesterday. The Toronto Composite index lost 4.6 to 1,083.9, while Oils and Gas fell 10.7 to 1,386.3, Banks 2.40 to 256.73, and Metals and Minerals 3.6 to 910.9.

Golds, however, gained 7.4 to 1,213.7.

BRUSSELS—Share prices moved irregularly in moderate trading.

Cockerill, despite a sharply higher 1977 loss, gained 5 at B.Frs.372.

Electrobel rose 30 to B.Frs.6,590 and Vieille Montagne picked up 35 to B.Frs.1,675, but Hoboken fell 95 to B.Frs.2,450 and Arbed 40 to B.Frs.2,160.

SWITZERLAND—*Market edged forward in livlier trading.*

Nestle put on 45 to Sw.Frs.3,130, Sandoz 75 to Sw.Frs.3,525, and Swissair 13 to Sw.Frs. 813.

MILAN—Stocks declined over a wide front in thin trading, but Mediobanca added 20 at L32,410.

SPAIN—Market continued the recovery movement, with the General Index rising 0.98 more to a fresh 1978 high of 99.92. Banco Santander added 9 points at 369 and Olarra 5 at 120.

JOHANNESBURG—Gold shares rose afresh in a moderate trade, although some gains were later trimmed in reflection of an easing in bullion prices.

HONG KONG—Profit-taking, following the recent good rise, left the market lower yesterday.

Hong Kong Bank declined 20 cents to $HK15.50, Hong Kong Land 10 cents to $HK7.80, Jardine Matheson also 10 cents to $HK13.50, Hutchison Whampoa 5 cents to $HK4.40, Wheelock Marden 2.5 cents to $HK2.40 and Hong Kong Wharf 50 cents to $HK17.90.

Indices

NEW YORK—DOW JONES

[illegible]

STANDARD AND POORS

[illegible]

N.Y.S.E. ALL COMMON

Rises and Falls	Apr. 26	Apr. 25	Apr. 24
Issues traded	1,926	1,945	1,900
Rises	756	968	1,010
Falls	753	605	472
Unchanged	417	372	418
New Highs	113	246	156
New Lows	33	32	17

MONTREAL

TORONTO

JOHANNESBURG

[illegible]

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.

♦ DM50 denom. unless otherwise stated. ♥ Ptas.500 denom. unless otherwise stated. ♣ Kr 100 denom. unless otherwise stated. ♦ Frs.500 denom. and Bearer shares unless otherwise stated. ‖ Yen 50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross. div. %. h Assumed dividend after [illegible]

Pressure on $

The U.S. dollar came under renewed pressure in the foreign exchange market yesterday, in rather hectic trading, which tended to be distorted by considerations about the approaching long holiday week-end and the end of the month. Expectations of higher interest rates in the U.S. and rumours of an impending rise in Bank of England Minimum Lending Rate also influenced the market, with sterling gaining ground against major currencies in general while the dollar finished around its lowest levels *of the day.*

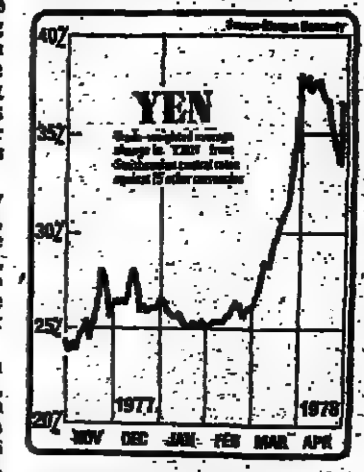
The Japanese yen was very firm against the U.S. currency, following the record U.S. trade deficit with Japan last month, while other major currencies also gained ground, even though the overall U.S. deficit fell by about $2bn. to $2.78bn. in March.

The dollar fell to Y222.10 from Y225.07½ against the Japanese yen, to DM2.0610 from DM2.0830 in terms of the D-mark, and to Sw.Frs.1.9275 from Sw.Frs.1.9665 against the Swiss franc. The U.S. currency's trade-weighted index, as calculated by the Bank of England, fell to 89.6 from 90.3, while its depreciation, on Morgan Guaranty figures, widened to 5.51 per cent. from 4.85 per cent.

The Bank of England probably gave early support to sterling, before erroneous suggestions of a mid-day announcement about a further rise in MLR helped the pound to improve. Demand continued in the afternoon however, and sterling closed at $1.8325-1.8335, a rise of 1.85 cents on the day. The pound's index, according to the Bank of England, rose to 61.4 from 61.2, after standing at 61.2 at noon and in early trading.

A report of a large international loan for Canada pushed up the Canadian dollar to 88.58 U.S. cents, before central bank intervention pushed it back to 88.26¼, compared with 88.17½ previously.

Gold rose $2¼ to $170¾-171¼.



CURRENCY RATES

	Special Drawing Rights April 27	European Unit of Account April 26
Sterling	0.672256	0.673528
U.S. dollar	1.22122	1.23269
Canadian	1.38523	1.39327
Austria sch	18.2481	18.4276
Belgian franc	39.4698	39.8405
Danish krone	6.96401	7.02607
Deutschem'k	2.53511	2.55908
Dutch guilder	2.71050	2.73561
French franc	5.64020	5.69105
Italian lira	1060.69	1070.48
Japanese yen	276.805	276.958
Norway krone	6.63309	6.69250
Spain peseta	98.6917	99.5390
Swedish krona	5.67379	5.72266
Swiss franc	2.39257	2.41386

EXCHANGE CROSS-RATES

April 27	Frankfurt	New York	Paris	Brussels	London	Amst'd'm	Zurich
Frankfurt	—	2.0580-95	44.94-45.04	6.41-42	3.773-783	93.53-63	108.15-30
New York	48.05-08	—	21.85-88	3.087-092	1.8205-15	44.99-45.05	51.13-29
Paris	222.35-75	4.600-612	—	14.251-865	8.391-411	208.07-57	235.45-65
Brussels	15.57-62	32.28-33	7.00-03	—	58.82-97	14.57-62	16.50-56
London	3.77¼-7½	1.8325-833	8.41-42	58.85-59.05	—	4.03¼-04¼	3.523-53¼
Amst'dam	106.915-865	2.2102-07	47.97-48.02	6.8625-75	4.0825-0375	—	113.295-375
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—

EURO-CURRENCY INTEREST RATES

[illegible]

GOLD MARKET

[illegible]

FOREIGN EXCHANGES

[illegible]

OTHER MARKETS

[illegible]

FORWARD RATES

[illegible]

OVERSEAS SHARE INFORMATION

Inv. $ Prem. $2.60 to £—109¼% (109¼%)
Effective rate (1.8330) 47¼% (46¼%)

NEW YORK

[illegible]

CANADA

[illegible]

GERMANY ♦

[illegible]

AMSTERDAM

[illegible]

COPENHAGEN ♣

[illegible]

VIENNA

[illegible]

TOKYO ‖

[illegible]

Source Nikko Securities, Tokyo

BRUSSELS/LUXEMBOURG

[illegible]

PARIS

[illegible]

SWITZERLAND ♦

[illegible]

MILAN

[illegible]

AUSTRALIA

[illegible]

STOCKHOLM

[illegible]

OSLO

[illegible]

BRAZIL

[illegible]

JOHANNESBURG

MINES

INDUSTRIALS

Securities Rand $U.S.0.74¼ (Discount of 35.2%)

SPAIN ♥

[illegible]

Surplus of cocoa still forecast

By [illegible] Edwards, Commodities Editor

[illegible] RECENT rise in cocoa [illegible] does not mean there has [illegible] any change in the [illegible]ental supply - demand [illegible] according to London [illegible], Gill and Duffus, in [illegible] latest market report.

[illegible] have raised their fore[illegible] the likely surplus of pro[illegible] over consumption in [illegible] back up to 99,000 tonnes. [illegible] 13,000 tonnes more than [illegible] February report, but the [illegible] the prediction in the [illegible] report.

[illegible] report attributes the sharp [illegible]gence in cocoa prices to [illegible] delays of up to 30 days [illegible] of the ports in Ghana [illegible] Nigeria. It points out that [illegible] from Ghana this [illegible] amounted to only about [illegible] tonnes by the end of [illegible] compared with double that [illegible] previous seasons.

New Mexican coffee chief

By Our Commodities Staff

[illegible] appointment of a new [illegible] of the Mexican Coffee [illegible] Sr. Manuel Aguilera [illegible] was announced yester[illegible] in Mexico City. This follows [illegible] arrest of the previous [illegible]ctor, Sr. Fausto Cantu Pena, [illegible] charges of conspiring with [illegible] in alleged coffee [illegible] and tax evasion.

[illegible] institute officials and two [illegible] exporters have also been [illegible].

[illegible] Cantu Pena was a leading [illegible] in the recent moves by [illegible] American coffee produc[illegible] countries to raise market [illegible] by restricting exports.

Britain benefits from NZ trade

By John Cherrington

[illegible] ROBERT MULDOON, the [illegible] Zealand Prime Minister, [illegible] in London last night that [illegible] present terms of trade [illegible] New Zealand and [illegible] were much in Britain's [illegible]. In 1977 New Zealand [illegible] from exports to the U.K. [illegible] £460m. while payments to [illegible] U.K. were £579m.

[illegible] said in a plea for the [illegible] of New Zealand's place [illegible] the British market that in [illegible] the combined receipts for [illegible] butter and cheese sold to [illegible] U.K. were £233m. while the [illegible] of invisibles paid to Britain [illegible] services like banking, ship[illegible] and insurance was £243m. [illegible] British interests had [illegible] as much at stake in con[illegible] New Zealand trade as [illegible] housewife, he said.

Ministers wait for EEC farm price compromise

BY MARGARET VAN HATTEM

LUXEMBOURG, April 27.

THE EEC Commission was expected to present later to-night a set of compromise proposals intended as the basis for the final stages of negotiation in the annual Farm Price Review.

But at this stage the prospect of a settlement this week appears more remote than ever. Some member states have already indicated that they intend to break off talks to-night and not resume until May 8.

Talks so far this week have made little apparent headway.

There may have been some advance, but this is uncertain, largely because of the way the debate has been conducted. Ministers have spent little time in formal sessions—most of the talking has been done bilaterally, with the Commission and the Danish presidency.

This at least removes the element of confrontation, giving the Commission and the presidency a clearer picture of how far member states are willing to concede on their more controversial demands. But it also leaves everyone, except the Commission and the presidency, in the dark as to the state of play

The Commission's decision to push ahead and present its compromise proposals, despite indications that France, Germany and Italy would have preferred more time before being forced into declaring their hands openly, indicates that all but a few major issues may be close to resolution.

Outstanding problems include the wine dispute between France and Italy and, linked to it, the package of aids to Mediterranean producers.

There are also French, British and Italian demands for lower monetary compensatory amounts on pigmeat, and the question of an increase in milk prices.

The milk price issue, though it hs not been in the spotlight this week, is to many minds the single most important test of the Commission's ability to control the Common Agricultural Policy.

Germany and Benelux—Belgium in particular—are pressing for a higher milk price, while all the evidence, the chronic surpluses and falling consumption, supports a price freeze. The Commission has already yielded as far as proposing a 2 per cent. price rise, and even Britain, which originally insisted on a freeze, appears to have given considerable ground.

Germany and the Benelux countries are also pressing for higher rises in cereal prices, which, with milk prices, are by far the major components in European farm incomes.

Should the Commission and the other member states fail to hold firm on these two issues, the campaign against structural surpluses to which Mr. Finn Olav Gundelach, the Agricultural Commissioner, committed himself so strongly at the start of the prices review, will look very silly indeed.

South Atlantic fishing plea

BY HUGH O'SHAUGHNESSY

IF THE British fishing industry was operating in the waters of the South Atlantic it could save the country fishmeal imports which last year were valued at £61m. while at the same time providing large quantities of high-grade fish for human consumption and giving a big boost to the trawler fleets.

This is argued in a memorandum submitted to Mr. John Silkin, the Minister of Agriculture, by Mr. James Johnson, Labour MP for Hull West, on behalf of the South Atlantic Fisheries Committee.

The committee is seeking Government assistance for a 12-month survey of the fishing grounds budgeted to cost £1.6m.

The memorandum adds that a fishmeal industry based in the Falkland Islands could tap a market in all the other countries of the EEC, except Denmark. It also points to the fact the Soviet, Polish, Bulgarian and West German fishing vessels are active in the area and that other countries are interested in fishing. Russia is reported to be keen to establish fishing bases there, but the Foreign Office is believed not to be keen to see Eastern bloc fishing bases established on the islands.

The committee includes a number of companies such as British United Trawlers and bodies such as the White Fish Authority and the National Farmers' Union.

The document says: "The question which the British fishing industry needs to have answered is whether sufficiently high catching rates can be achieved and types of marketable fish caught in order to provide commercial justification for an operation at this distance from the home market.

"The economic viability of a British fishery in the south-west Atlantic could depend on fish meal and fish oil for its bread and butter, and high-value white fish for its jam. A sustainable annual yield of 2m. tons of southern blue whiting (a larger and better quality fish than the northern blue whiting) has been identified in the vicinity of the Falkland Islands."

The committee says the fishing industry will finance the fishing if it is shown to be a commercial proposition to do so.

Nationalisation of Indian jute industry urged

BY OUR OWN CORRESPONDENT

NATIONALISATION of the Indian jute and jute goods export trade has been urged here by the Committee on Public Undertakings.

In a report on the Jute Corporation of India, presented to the Lower House of Parliament, the Committee says that any number of malpractices are committed by the jute industry involving hundreds of millions of rupees every year.

The committee attacked the Government for fixing the statutory minimum price of jute at Rs.116 a quintal on the recommendations of the Agricultural Prices Commission and the Directorate of Economics and Statistics. It pointed out that the West Bengal Government calculated the cost of jute cultivation and transport to primary markets at Rs.334.34 a quintal, to which the committee recommended a profit margin of 30 per cent. should be added. On this basis, the committee wants the minimum price to be raised to Rs.447.64.

It said all official agencies have acted as the "biggest enemies" of the jute grower

Retail meat prices to go up

By Christopher Parkes

RETAIL PRICES of meat will go up in the next few days after several weeks without change. Although livestock market prices in general have barely moved in the past two months and wholesale meat prices have been stable, the retail trade claims to have been trading at a loss.

Mr. Colin Cullimore, managing director of the Dewhurst High Street butchery chain, said the increases showed "good sense" was returning to meat retailing.

Retail butchery was growing keenly competitive as consumers continue to resist high prices. Specialist meat retailers had also been forced to hold down their prices in line with the rates charged by the price-warring supermarket chains. "Anyone in the business will tell you that no one has made any profits out of meat for weeks."

Pressure for price rises has developed as the prospects of warmer weather improve and the usual seasonal spring-time slump in meat eating approaches. Turnover is falling.

Dewhurst forecasts a 2p to 3p a pound increase in pork and beef prices. Home produced lamb will remain expensive because the old season supply has more or less dried up while new crop lambs are scarce.

New Zealand lamb, however, up 1p a pound in wholesale markets, is unlikely to go up yet in the shops.

Broiler chicken prices at the wholesale market have increased only slightly but a move up at retail level can be expected to follow the general rise in other meats.

First-hand prices for all types of bacon also went up £30 a tonne on the London Provision Exchange. Danish sides are £1,090 a tonne and British and Irish bacon £1,065 a tonne.

Stocks are said to be ample, and this marginal increase is unlikely to have any early impact on retail prices.

U.S. sugar Bill proposed

A BILL authorising U.S. participation in the International Sugar Agreement and setting up a companion domestic sugar programme has been introduced by 28 Senators led by Mr. Frank Church.

The so-called "backup" programme would provide for both import quotas and fees to protect domestic producers.

FARMLAND INQUIRY

Lord Northfield has a job on his hands

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

LORD NORTHFIELD'S committee which is examining the structure of farm ownership has been meeting farmers up and down the country, as well as taking written evidence from interested parties. I attended one of the last of the meetings, at the Farmers' Club this month, and was fascinated by Lord Northfield's style and the way in which he conducted the proceedings.

This style had been subject to some criticism in the farming Press, which accused him of stage management of these meetings. His Lordship displayed a certain irritation at this, and other media criticism. He then explained very patiently that they had not found much evidence of foreign buying, but that city institutions were taking an increasing interest and would probably take more. These were the two main points worrying farmers and which caused Mr. John Silkin, Minister of Agriculture, to set up the committee in the first place.

Then he invited the audience to contribute. The Farmers' Club is best described as an establishment group, representing the larger farmers, landowning and ancillary interests including land agents and not the real grassroots. Their views were predictable. They wanted the abolition of the right of succession to tenancies, easier transfer of farms to the next generation, and abolition of the investment income surcharge on rents.

The succession of tenancies means, according to a number of speakers, that dynamic young men would not be able to enter the industry since no landlords would let their farms. Even if the succession was abolished the fact that rents were assessed as investment income made it still more likely that landlords would not let he young men in anyway.

At other meetings there had been complaints that when a tenanted estate was sold tenants were often given no opportunity to buy. This was not raised at the Farmers' Club, although Lord Northfield specifically asked for opinions on it.

The other main gripe has been that institutions, because of their exemption from capital taxation, had an unfair advantage when it came to land buying. It was conceded, however, that where they let their farms, as many do, institutions were on the whole good landlords.

What the committee will recommend after this, and the visits it is making to study landowning in Europe, is impossible to guess. But the inquiry has illustrated a numebr of basic facts.

Wealth

Land is scarce and has shown a fantastic appreciation well ahead of inflation. It has thus attracted a considerable amount of City money and doubtless will attract more. The appreciation in values has made existing landowners very rich men indeed.

These rich men do not wish to see their wealth in whatever form dissipated by capital taxation. And because income from farming is taxed at a lower rate than from landowning, they would like to take their farms in hand.

Farmers are inspired by exactly the same motives. As sitting tenants they would like to buy their farms because it would make them rich. They are fearful of the competition from the massive funds at the disposal of institutions. Farmers feel that if they buy land—they are still the majority buyers—it is costing them more than they may be able to afford because of competition from "outside funds.

So in its essentials the fuss is about money. Who at the end of the day is going to end up with the biggest share of an appreciating asset? Will it be sitting tenants, landlords, institutions or foreigners.

Generally speaking this is hardly a Government's concern. The Government's interest is, or should be, in the best use of land for food production. There is no evidence at all that established tenants are any less efficient than new entrants, or that landlords are even necessary—they hardly exist elsewhere in Europe.

The only way in which a Government could act would be on political, or perhaps social grounds. In the main it has been the Socialists who have favoured the tenants and landowners. They brought in tenants' security in 1947 and the succession of tenancies last year. Sir Stafford Cripps gave estate duty relief, and Mr. Healey the small business relief which applies to farmers.

These different measures have over the years undoubtedly prevented the takeover and merger operations which have been so evident elsewhere in the economy. It is astonishing that the most fiercely capitalist class in the country, farmers, should have been sustained by a political party for which few of them have ever voted.

The only clue to the Government's thinking has been a remark by Mr. Silkin that he thought 200- to 300-acre family farms were the ideal. But putting such thoughts into effective legislation would be a very complex operation.

For that reason it is doubtful if Northfield's travelling circus will bear very much fruit.

Welsh land bank proposed

CARDIFF, April 27.

A WELSH LAND BANK should be set up to help young farmers, there should be no capital gains tax on lifetime transfers within families of up to 300 acres of farming land and the formation of a Meat Marketing Board.

These are among the proposals put forward in a new agricultural policy document by Plaid Cymru, the Welsh Nationalist Party.

The land bank would provide low or interest free loans to young farmers in need of capital and replace the Agricultural Mortgage Corporation in the provision of medium term loans.

The policy document says that compared with other EEC countries the U.K. farming industry is at a disadvantage when it comes to the supply of credit. Plaid says the present system of capital taxation is hitting the medium sized family farm—the backbone of rural Wales.

Indian silver export target unchanged

NEW DELHI, April 27.

India has set an unchanged export target for silver of 1,000 tonnes for the current fiscal year which started on April 1, a Government official said.

Although the target is the same, last year's actual exports were less than 700 tonnes. In 1976-77 silver exports were 1,655 tonnes, worth Rs.2.14bn.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Barely changed. The overnight firmness of Comex enabled forward metal to open at £712 on the pre-market. [illegible] the lack of any follow-through saw [illegible] to £712 again on expectations of a good opening on Comex, but the upturn in sterling then took values down before news that Peru had rescinded its force majeure left the price at £706 on the late kerb. Turnover 17,750 tonnes.

Amalgamated Metal Trading reported that in the morning three months wirebars traded at £708.5, 9, 9.5, 8, 7, 7.5, 8. Kerb: Wirebars: three months £707.5, 8, [illegible]. Afternoon: Wirebars, early May £694, [illegible].

[illegible]

TIN—Lower despite the steadiness of the Penang price overnight. Forward metal opened [illegible] £6,170 but [illegible] caused a setback to £6,090 on the late kerb. Turnover 1,050 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6120-5	-56	6120-30	-82.5
3 months	6115-25	-37.5	6125-35	-57.5
Settlem't	6125	-50	—	......
Standard				
Cash	[illegible]	[illegible]	[illegible]	[illegible]
3 months	[illegible]	[illegible]	[illegible]	[illegible]
Settlem't	[illegible]	[illegible]	[illegible]	[illegible]
Straits E.	[illegible]	[illegible]	[illegible]	[illegible]
New York	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

LEAD—Easier in moderate trading. [illegible] price up to £315. The price remained around this level for most of the afternoon before closing at £312 on the late kerb. Turnover 6,100 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	305-.5	-1.25	306-8	-3
3 months	313.5-4	-.5	314-.25	-1.875
Sett'm'nt	305.5	-1.25	—	......
U.S. Spot	—	......	33	......

Morning: Cash £304, 5.5, three months £313.5, 13, 12, 12.5, 13, 14, 14.5, 14. Kerb: Three months £314, 15. Afternoon: Three months £314.5, 15, 14.5, 14. Kerb: Three months £315, 12.

ZINC—Lost ground. Forward metal opened at £308 but fell away to £303 on the morning kerb owing to hedge selling and a stale bull liquidation. In the afternoon, however, short covering enabled the price to recover slightly to £305.5 prior to closing at £303 on the late kerb. Turnover 7,300 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£		£	
Cash	294-.5	-4	296-7	-5
3 months	303.5-4	-2.5	305-.5	-4.5
S'ment	294.5	-4	—	......
Prim. West	—	......	29	......

Morning: Cash £295.5, 94.5, three months £304.5, 4, 4.5, 3.5. Kerb: Three months £303, 4. Afternoon: Three months £304, 4.5, 5. Kerb: Three months £304.5, 4, 3.

* Cents per pound. † On previous unofficial close. ‡ $M per picul.

SILVER

SILVER was fixed 0.5p an ounce higher for spot delivery in the London bullion market yesterday at 274.1p. U.S. cent equivalents of the fixing levels were: spot 499.8c, up 2.8c; three-month 507.3c, up 3.2c; six-month 516.6c, up 3.1c; and 12-month 536.0c, down 0.10c. The metal opened at 274-275p (495-499½c) and closed at 273.7-274.7p (501½-503c).

SILVER per troy oz.	Bullion fixing pricing	+ or —	L.M.E. close	+ or —
Spot	274.10p	+0.5	275.3p	+1.45
3 months	279.6p	+0.55	279.3p	+1.35
6 months	285.7p	+0.6	—	......
12 months	308p	+0.8	—	......

LME—Turnover 113 (245) lots of 10,000 ounces. Morning: Three months 280.3, 80.1, 80.2, 80.1. Kerbs: Three months 280, 80.1. Afternoon: Three months 280, 80.1, 80.2, 80.5, 80.6. Kerbs: Three months 280.7, 80.4, 80.5.

COCOA

Values fell sharply at the close after a quiet day, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
No.6 C'ntr't			
May	2095.0-2100	+0.5	2105.0-2072
July	1982.0-90.0	-28.0	2018.0-1981
Sept.	1898.0-1900	-40.0	1944.0-1895
Dec	1835.0-50.0	-30.5	1872.0-35.0
March	1781.0-85.0	-33.0	1815.0-1785
May	1741.0-55.0	-30.0	1784.5-60.0
July	1710.0-20.0	-35.0	1755.0-44.5

Sales: 2,421 (5,354) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound)—Daily price April 26: 152.80 (151.87). Indicator prices April 27: 15-day average 156.53 (156.82); 22-day average 158.52 (159.06).

COFFEE

Robustas had an uneventful day with the market continually ebbing and flowing in a narrow range, Drexel Burnham Lambert reports. Trade buying at the close took the market to the highs about £25 better on the day. Dealers said trading was hesitant reflecting anxieties over the effects of revelations concerning illicit deals in Mexico.

[illegible]

GRAINS

[illegible]

RUBBER

EASIER opening on the London physical market. Little interest throughout the day, closing quiet. Lewis and Peat report that the Malaysian godown price was 260 (263) cents a kilo (buyer, May).

[illegible]

SOYABEAN MEAL

The market opened lower following the sharp drop in Chicago markets. Long liquidation was well absorbed and prices remained in a narrow range, reports SNW Commodities.

[illegible]

SUGAR

LONDON DAILY PRICE (raw sugar) [illegible]

[illegible]

WOOL FUTURES

[illegible]

MEAT/VEGETABLES

[illegible]

COVENT GARDEN (in sterling a package unless stated)—Imported produce: Oranges—Cypriot: Valencia Lates 20 kilos 3.00-3.30, 15 kilos 3.00-3.60; Jaffa: Valencia Lates 3.75-4.30; Egyptian: Valencia Lates 2.40; Moroccan: 2.70-2.90; Texas: 3.40; Cuban: 3.30. Lemons—Italian: 100/120s 3.60-3.70; Spania: small trays 25/30s 1.20; Californian: 3.50-4.00. Grapefruit—Cypriot: 15 kilos 2.30-2.60; 20 kilos 3.30-3.60; Jaffa: 20 kilos 3.75-3.70; U.S.: Ruby Red 15 kilos 4.60. Apples—French: Golden Delicious 20 lb 84s 2.50-2.70, 72s 2.70-2.90; 40 lb 5.00-5.80, Golden Delicious, jumble pack, per pound 0.11-0.12½; Italian: Rome Beauty, per pound 0.12, Golden Delicious 0.10-0.12; U.S.: Red Delicious 7.50-8.30; S. African: Dunn's 6.00-7.00; S. African: Granny Smiths 7.00-7.30, White Winter Pearmain 7.00, Starking Delicious 7.30-8.30; Chilean: Granny Smith 6.80; New Zealand: Cox's Orange Pippins 163/234 7.00-8.30; Danish: per pound Cox's 0.15-0.17, Spartans 0.10-0.11. Pears—S. African: cartons, Packham's Triumph 6.80-7.40, Beurre Bosc 5.60; Dutch: per pound Conference 0.15; Belgian: Conference 0.11-0.13. Grapes—S. African: New Cross 6.00, Barlinka 4.00-4.20. Bananas—Jamaican: per pound 0.14-0.15. Melons—Chilean: White 4.30; Colombian: Green 2.90. Avocados—Kenyan: Fuerte 14/24s 4.00-4.30. Strawberries—Spanish: 0.30-0.35; Californian: 0.80-0.90; Italian: 0.30-0.35. Pineapples—Kenya: 1.10-1.20. Onions—Dutch: large 2.00, medium 1.00; Chilean: bags approx. 30 lb 3/5s 3.50-4.00, cases 4.00-4.40; Italian: 22 lb 1.00; Canary: 4.00-4.40. Capsicums—Kenya: per pound 0.40; Canary: per pound 0.40. Celery—Spanish: 15/30s 4.00-5.00; American: 24s 5.25. Potatoes—Canary: 3.80-3.90; Egyptian: 3.80-4.00; Cypriot: 4.00. Cauliflowers—Jersey: 3.00; French: 3.00. Cucumbers—Dutch: 14/16s 2.00. Tomatoes—Canary: 3.50-4.40; Jersey: per pound 0.45; Dutch: 0.45; Guernsey: 0.45. Carrots—Cypriot: 28 lb 1.50.

English produce: Potatoes—per 56 lb Whites/Reds 2.30-2.50. Lettuces—per 12s 1.40-1.50. Beetroots—per 28 lb 1.00. Turnips—per 28 lb 0.80. Carrots—per bag 0.60-1.00. Parsnips—per 28 lb 0.80. Onions—per 56 lb 1.00-2.00. Swedes—per 28 lb 0.50. Rhubarb—per pound, outdoor 0.08-0.09. Cucumbers—per tray 12/24s 1.70-2.00. Mushrooms—per pound 0.50-0.60. Apples—per pound Bramley's 0.12-0.18, Cox's Orange Pippins 0.16-0.20, Laxtons 0.09-0.12. Pears—per pound Conference 0.12-0.15. Tomatoes—per pound English 0.45. Greens—per crate, Kent 0.80. Cauliflowers—per 12s Lincoln 1.00-1.20, Kent 1.40-2.00.

COTTON

COTTON, Liverpool—Spot and shipment sales amounted to 184 tonnes, bringing the total for the week so far to 2,142 tonnes. Only irregular purchases took place mainly in American-type varieties, reports F. W. Tattersall. The call for supplies for South American and African sources was maintained.

★

GRIMSBY FISH—Supply good and demand good. Prices a stone at ship's side (unprocessed): Shelf cod £4.20-£5.00, codlings £2.80-£3.40; large haddock £4.40-£4.80, medium £3.70-£4.30, small £2.60-£3.30; medium plaice £4.00, best small £2.80-£3.50; large skinned dogfish £6.40, medium £4.00; lemon soles ..fiQQh addoc medium £4.00, large lemon soles £7.00, medium £6.00; rockfish £2.00-£3.00, reds £1.50-£1.80; saithe £1.90-£2.30.

U.S. rubber research grant

WASHINGTON, April 27.

A SENATE sub-committee approved $30m. for research in the next four years into the feasibility of developing a domestic natural rubber industry in the U.S.

The Bill was introduced by Senaotr Lloyd Bentsen, who said rubber could be produced from the guayule bush, a shrub that grows wild in the south-western U.S. and in Mexico.

The National Academy of Sciences had found that rubber from the guayule bush was virtually identical to rubber from the Hevea tree, he said.

The Bill will go to the full Committee on Environment and Public Works.

Reuter

PRICE CHANGES

Prices per tonne unless otherwise stated.

	April 27 1978	+ or —	Month ago
Metals			
Aluminium	£680	......	£680
Free market (cts)	$985-100	......	$950.60
Copper cash W. Bars	£693.50	......	£652.5
3 months do. do.	£711	+0.5	£677.25
Cash Cathode	£683	-0.5	£643.5
3 months do. do.	£701	+0.5	£657.5
Gold ......Troy oz.	$170.625	+2.25	$177.875
Lead Cash	£305.5	-3	£301.5
3 months	£314.125	-1.875	£306.25
Nickel	‡		
Free Market (cif lb)	$1.93-2.03	......	$1.9-2.04
Platinum troy oz.	£120.50	......	£114.5
Free Market	£115.40	+1.05	£115.2
Quicksilver (76lb.)	$127-32	......	$130-35
Silver troy oz.	274.1p	+0.5	272.3p
3 months	279.6p	+0.55	277.25p
Tin Cash	£6,125	-82.5	£5,777.5
3 months	£6,122.5	-57.5	£5,775.5
Wolfram 22.04lb. cif	$137-142	-1	$149.55
Zinc cash	£296.5	-5	£268.5
3 months	£305.25	-4.5	£272.5
Producers	$550-600	......	$550
Oils			
Coconut (Phil)	$610x	-10	$675
Groundnut	£753	......	£661
Linseed Crude (v)	£358	......	£312
Palm Malayan	$575x	-10	$550
Seeds			
Copra Philip	$410t	......	$440
Soyabean (U.S.)	$292.5z	-7.7	$300
Grains			
Barley EEC	‡		‡
Home Futures	£81.75	-0.75	£74.55
Maize			
French No. 3 Am	£106.75z	......	£101
Wheat			
No. 1 Red Spring	£92.75y	-0.5	£90.85
No 2 Hard Winter	‡		‡
English Milling	£102r	......	£100
Cocoa Shipment	£2096	-58	£1,857
Future July	£1986	-28	£1,808.5
Coffee Future			
July	£1587	+21.5	£1,401.5
Cotton 'A' Index	69.5c	......	69c
Rubber kilo	51.50p	+0.05	48.25p
Sugar (Raw)	£103	+1	£96
Wooltops 64s kilo	279p	+2	270p

* Nominal. ‡ Unquoted. s May-June. t May-Aug. u June. v April-June. y April-May. z May. x Per ton.

JUTE

DUNDEE JUTE—Quiet but firm. Prices c and f U.K. for May-June shipment: BWC £298, BWD £287. Tossa BTB £304, BTC £294, BTD £285. Calcutta goods steady. Quotations c and f U.K. for prompt shipment: 10-ounce 40-inch £10.37, 7½-ounce £7.99 per 100 yards. May £10.37, £8.01, June £10.36, £7.97. B twills £28.25, [illegible], £28.75 for the respective shipment periods. Yarn and cloth firm.

★

PALM OIL, London—May, June, July, Aug. 300.00-330.00, Sept. 290.00-330.00, Oct. 290.00-320.00, Nov. 280.00-315.00, Dec. 280.00-310.00, Jan. unquoted. Sales: Nil.

FINANCIAL TIMES

Apr. 26	Apr. 25	Month ago	Year ago
239.05	238.72	237.52	270.78

(Base: July 1, 1952=100)

REUTER'S

April 27	April 26	Month ago	Year ago
1457.1	1458.5	1435.2	1719.1

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	April 26	April 25	Month ago	Year ago
Spot	360.16	360.51	363.33	423.66
Futures	349.88	350.23	353.10	402.14

(Average 1924-25-26=100)

MOODY'S

Moody's	April 26	April 25	Month ago	Year ago
Sple Commty	898.6	895.0	904.7	955.8

(December 31, 1931=100)

U.S. Markets

Precious metals up, sugar steady

NEW YORK, April 26.

PRECIOUS METALS closed slightly higher on speculative buying following a $2.78bn. trade deficit which was as expected. Copper was steady on Commission House buying. Soyabeans closed easier on profit-taking following yesterday's bullish crop report for Brazil. Sugar closed steady on trade buying and industrial pricing, Bache reports.

Cocoa—May 155.90 (154.75), July 151.80 (151.10), Sept. 148.00, Dec. 142.60, March 139.28, May 136.15, July 133.80. Sales: 397.

Coffee—"C" Contract: May 173.60-173.50 (172.25), July 152.50-152.70 (151.38), Sept. 137.00-137.25, Dec. 124.50-125.00, March 117.00-118.25, May 113.25-114.50, July 113.50-114.25, Sept. 114.00. Sales: 375.

Copper—May 58.20 (57.60), June 58.80 (58.20), July 59.40, Sept. 60.50, Dec. 62.20, Jan. 62.60, March 63.60, May 64.60, July 65.60, Sept. 66.60, Dec. 68.10, Jan. 68.60. Sales: 3,600.

Cotton—No. 2: May 57.15 (57.45), July 58.70-58.75 (58.62), Oct. 60.45, Dec. 61.50-61.59, March 62.85, May 63.55, July 63.95 bid, Oct. 63.00 bid. Sales: 325,000 bales.

*Gold—May 168.70 (167.90), June 169.40 (168.40), Aug. 171.40, Oct. 173.40, Dec. 175.50, Feb. 177.70, April 180.20, June 182.70, Aug. 185.20, Oct. 187.70, Dec. 190.20, Feb. 192.70. Sales: 9,000.

†Lard—Chicago loose 22.50 (23.00 nom.), NY prime steam 24.00 traded (24.50 nom.).

‡Maize—May 247-247½ (250¼), July 244-244½ (246¼), Sept. 243, Dec. 244¼-244, March 251, May 254.

§Platinum—July 208.50-208.70 (204.60), Oct. 211.20-211.50 (207.90), Jan. 214.60-214.80, April 218.40-218.60, July 222.10-222.30. Sales: 1,547.

§Silver—Spot 495.60 (489.60), May 492.90 (490.60), June 496.30 (494.20), July 500.70, Sept. 508.00, Dec. 519.40, Jan. 523.30, March 531.10, May 539.30, July 547.50, Sept. 556.00, Dec. 569.00, Jan. 573.30. Sales: 9,000.

Soyabeans—May 696-695 (703¼), July 676 675 (680), Aug. 657-656, Sept. 627, Nov. 601-602, Jan. 606, March 612, May 618.

Soyabean Oil—May 26.35-26.45 (26.47), July 25.55-25.50 (25.60), Aug. 24.65-24.70, Sept. 23.60-23.50, Oct. 22.50, Dec. 21.85-21.95, Jan. 21.65, March 21.50-21.60, May 21.25-21.30.

||Soyabean Meal—May 173.00-172.50 (175.10), July 175.00-174.30 (177.40), Aug. 173.50-173.00, Sept. 170.00-169.50, Oct. 164.00, Dec. 162.50-163.50, Jan. 164.50, March 166.50-167.00, May 168.50.

Sugar—No. 11: May 7.65 (7.65), July 7.90-7.93 (7.92), Sept. 8.15-8.16, Oct. 8.27, Jan. 8.35-8.60, March 9.03, May 9.22-9.23, July 9.40-9.41, Sept. 9.60. Sales: 6,350.

Tin—510.00-526.00 (505.00-522.00).

**Wheat—May 300 (304½), July 302½-305 (307¾), Sept. 307½-309½, Dec. 314½, March 316-317, May 316½.

WINNIPEG, April 26. ††Rye—May 106.00 (110.00), July 103.00 asked (104.30), Oct. 103.60 bid, Nov. 104.00 asked, Dec. 105.50 asked.

††Oats—May 82.00 (83.20), July 78.30 asked (79.10 bid), Oct. 76.60 asked, Dec. 74.60 asked, March 74.10 nom.

‡‡Barley—May 78.00 bid (79.00 bid), July 78.20 bid (79.10), Oct. 78.10 asked, Dec. 78.00, March 76.50 bid.

§§Flaxseed—May 239.90 bid (237.90 bid), July 244.40 (242.30 bid), Oct. 248.70 asked, Nov. 247.00 asked, Dec. 247.00 bid.

¶¶Wheat—SCWRS 13.5 per cent. protein content cif St. Lawrence 161.02 (161.60).

All cents per pound ex-warehouse unless otherwise stated. * $'s per troy ounces—100-ounce lots † Chicago loose $s per 100 lbs—Dept. of Agriculture prices previous day. Prime steam fob NY bulk tank cars. ‡ Cents per 56-lb bushel ex-warehouse, 5,000-bushel lots. § $s per troy ounce for 50-ounce units of 99.9 per cent. purity delivered NY. ¶ Cents per troy ounce ex-warehouse. || New "B" contract in $s a short ton for bulk lots of 100 short tons delivered fob cars Chicago, Toledo, St. Louis and Alton. ** Cents per 60-lb bushel in store. †† Cents per 48-lb bushel ex-warehouse. ‡‡ Cents per 56-lb bushel ex-warehouse, 1,000-bushel lots. ¶¶ $C per tonne.

ANNOUNCEMENTS

MR. VICTOR H. BLAKE, Chairman and Chief Executive of CNA Reinsurance of London Limited, announces the election to the Board of Mr. David J. Trace. Mr. Trace who serves as Chief Accountant and Corporate Secretary, will become Financial Director/Corporate Secretary effective 1st May, 1978.

EUROPEAN OPTIONS EXCHANGE

Option	Price	July Close	July Vol.	Oct. Close	Oct. Vol.	Jan. Close	Jan. Vol.	Equity close
[illegible] Kodak	$40	12	5	12	10	13	—	$51⅝
[illegible] Kodak	$45	7⅛	17	8⅛	38	9⅛	4	"
[illegible] Kodak	$50	4⅜	31	5⅛	21	6	1	
[illegible]M	$50	16⅜	—	16¾	—	17	—	$66¼
[illegible]M	$60	6¼	18	6⅛	35	8⅞	30	"
[illegible]M	$70	1⅛	—	1⅝	10	2¼	20	"
[illegible]BM	$240	23	8	26⅛	19	27½	—	$262¼
[illegible]BM	$260	8⅞	9	12	22	14⅞	1	"
[illegible]BM	$280	3	—	5	29	7¼	—	"
[illegible]hilips	F22.50	3.30	—	3.60	33	4.20	—	F25.50
[illegible]hilips	F25.00	1.40	—	1.90	21	2.60	1	"
[illegible]hilips	F27.50	0.40	16	0.70	147	1.10	24	"
[illegible] D. Shell	F120	9.00	—	8.80	32	9.50	—	F128.00
[illegible] D. Shell	F130	2.00	90	3.00	121	4.30	—	"
[illegible] D. Shell	F140	0.50	—	1.10	1	2.80	—	"
[illegible]nilever	F110	7.10	8	7.00	28	7.50	—	F116.20
[illegible]nilever	F120	1.00	29	1.80	27	3.00	—	"
[illegible]nilever	F130	0.30	10	0.40	66	1.60	—	"
		May		August		November		
[illegible]P	700p	—	—	—	—	—	—	799p
[illegible]P	750p	—	—	—	—	—	—	"
[illegible]P	800p	—	—	—	—	—	—	"
[illegible]EC	200p	—	—	—	—	—	—	244p
[illegible]EC	225p	—	—	—	—	—	—	"
[illegible]EC	250p	—	—	—	—	—	—	"
[illegible]EC	275p	—	—	—	—	—	—	"
[illegible]CI	300p	—	—	—	—	—	—	343p
[illegible]CI	325p	—	—	—	—	—	—	"
[illegible]CI	350p	—	—	—	—	—	—	"
[illegible]CI	375p	—	—	—	—	—	—	"

STOCK EXCHANGE REPORT

Equities good and Gilt-edged recoup earlier losses

Share index up 10 points at 467.8—Golds improve afresh

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Apr. 17	Apr. 27	Apr. 28	May 10
May 2	May 11	May 12	May 23
May 15	May 25	May 26	Jun. 7

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Equity stock markets took a marked turn for the better yesterday. Trading conditions, however, remained extremely thin and many of the day's gains in both the leaders and secondary issues were accentuated by stock shortage. By way of contrast, the prospects of higher interest rates continued to weigh heavily on the Gilt-edged sector. Nevertheless, after drifting lower on scattered selling, prices of the Funds recovered earlier losses which ranged to ¼ in the shorts and to ½ in the longs with final quotations unaltered on balance. The turnround was helped by late firmness in sterling which prompted some bear closing.

Leading equities quickly responded to a small demand and, although buying interest petered out in the afternoon, prices were given a further fillip towards the close on vague talk that dividend limitation would not be continued after July. Up 3.4 at 3 p.m., the FT 30-share index improved afresh to close at the day's best with a rise of 10 points at 467.8. Among the index constituents, Vickers responded to the results with rise of 7 at 179p.

Overall firmness in the equity market was reflected in the 7-2 ratio of rises over falls in FT-quoted Industrials and a rise of per cent. to in the FT-Actuaries All-Share Index. A more favourable than expected report on Allied Breweries from the Price Commission made for particular firmness in Breweries and the FT-Actuaries index for the sector recorded an above average rise of 3.3 per cent. Official markings of 4,727 compared with 5,110 on Wednesday and 4,995 a week ago.

Late rally in Gilts

Despite continuing uncertainty ahead of to-day's Minimum Lending Rate decision, British Funds made a decisive rally towards the close yesterday. The recovery movement was stimulated by bear closing following a notable improvement in sterling during the latter part of the day. Short-dated stocks which had drifted lower to show losses of ¼ at one stage, finished without alteration on the day, while longs also reverted to overnight levels after having shown falls ranging to ½.

Traded Options were featured by a heavy turnover in Courtaulds in which appreciable gains were recorded, particularly in the 100p series; contracts amounted to 249 of the total number of 721, the biggest in the five-day life of the market. Cons. Gold positions were quieter than on Wednesday, but still notched up 120 contracts, while Grand Met followed with 101.

The investment currency market moved within narrow limits in a well-matched two-way trade. After ranging between 9 and 10 per cent., the premium was finally a net ½ easier at 109½ per cent. The conversion factor was 0.6820 (0.6855).

HPs better

The major clearing Banks improved with the general trend. NatWest rose 7 to 285p and Midland 5 to 355p. Discounts closed firmer in places with Gerrard and National up 5 at 175p on further consideration of the results. Allen Harvey and Ross also put on 5, to 435p, and Union appreciated 10 to 305p. Dull the previous day on fears of a further rise in interest rates, Hire Purchases rallied with Wagon Finance regaining 3 to 44p and Provident Financial picking up a similar amount to 94p.

Insurance Brokers were notable for a gain of 7 to 180p in Minet folowing the higher anuual earnings. C. E. Heath added 8 to 260p while, among Composites, Sun Alliance put on 6 to 536p and Royals 5 to 368p.

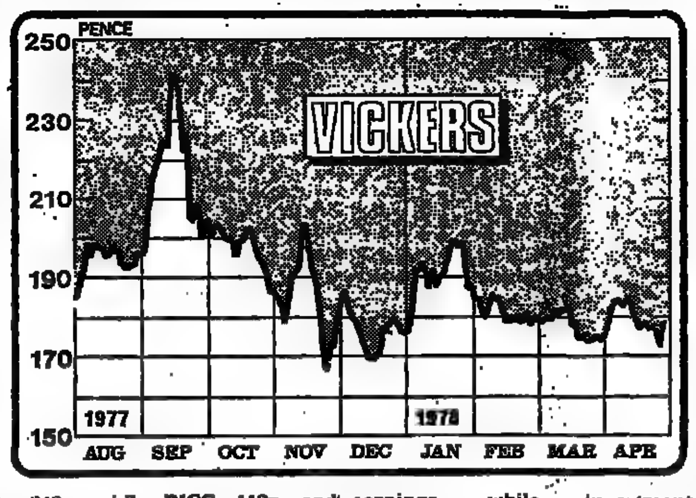
After having made considerable progress ahead of publication of the Price Commission's report on Allied. Breweries moved further ahead on the announcement before easing back slightly in the late trade. Allied finished 4 better at 88½p, after 89p, while A. Guinness closed 3 better at 181p, after 182p. Bass Charrington higher at 159p, after 160p, and Whitbread A 2½ firmer at 91½p, after 92.

In Buildings, Tarmac came to the fore with a rise of 14 to 151p following good annual results. George Wimpey rose 4 to 7[illegible]p on annual profits above market expectations. Other leading issues recorded useful gains. Richard Costain closed 10 higher at 262p, while SGB and John Laing A firmed 3 apiece to 150p and 124p respectively. Marchwiel put on 4 to 278p, and Carron, in a thin market, rose 5 to 45p. In contrast, Manders fell 6 more to 92½p on further consideration of the disappointing trading statement, and Brown and Jackson eased 3 to 82p on small selling as bid hopes receded. Elsewhere, Norwest Holst closed unaltered at 88p after the announcement that the company had lost its legal battle to stop a Department of Trade investigation into its affairs.

Leading Chemicals recorded reasonable gains in a sluggish trade. ICI closed 5 higher at 343p, while Fisons rose 12 to 350p. Anchor Chemical continued to reflect satisfaction with the annual results and put on 6½ to 71½p, but Alginate eased 2 more to 272p on the profits setback.

Leading Stores moved higher on technical influences and closed at the best of the day. British Home firmed 4 to 187p as did Gussies A. to 288p, while Marks and Spencer closed 3 to the good at 147p. Elsewhere, Cope Sportswear jumped 11 to 94p, after 95p, in response to persistent demand in a thin market and Vernon Fashion rose 6 to 89p on buying ahead of next Tuesday's preliminary results. James Beattie A put on 7 to 101p and Time Products rose 4 at 130p. In Shoes, Allebone edged forward a fraction to 18½p in front of to-day's annual figures.

Electricals contributed their share of firm spots. GEC rose 8 to 248p, while BICC, 118p, and Plessey, 99p, put on 2 apiece. Persistent small buying in a restricted market lifted Electrocomponents 23 to 385p, while Automated Security rose 6 to 68p on the substantially increased earnings. Telephone Rentals closed 3 harder at 123p following Press comment on the results, while BSR, 106p, and Laurence Scott, 118p, rose 5 and 8 respectively.



Engineering leaders contributed to the firm trend. Technical factors left some good gains and helped Vickers close 7 to 179p following the preliminary results which were in line with expectations. John Brown did well at 316p, up 10, and GKN, 273p, and Tubes, 370p, improved 5 and 6 respectively. Useful improvements were also recorded among secondary-issues as Amalgamated Power added 9 to 130p, after 132p, in response to the nearly-doubled annual earnings and Belgrave (Blackheath) put on 4 to 40p following good results. Castings were marked up 5½ to 36½p after-hours on news of the bid approach and M.L. Holdings jumped 17 to 133p on persistent speculative demand in a thin market. Peter Brotherhood revived with a gain of 7 to 150p and Hopkinsons put on 5 to 95p on further consideration of the results.

J. Bibby continued firmly in Foods, rising 5 to 247p for a two-day gain of 16 on continuing speculation about a forthcoming bid. J. Sainsbury closed a penny harder at 170p following news of its joint venture with Crystal Palace Football club, while Unigate hardened 1½ to 54½p and J. B. Eastwood 2 to 91p. In Supermarkets, William Low eased 2 to 96p and Hillards 5 to 190p.

Ladbroke figured prominently in Hotels and Caterers, closing 6 to the good at 193p on the chairman's optimistic statement in the annual report. De Vere Hotels rose 3 to 160p of the increased earnings, while investment demand lifted Trust Houses Forte 4 to 198p.

Misc. leaders good

Technical influences played a major part in bringing about a sharp upturn in the miscellaneous Industrial leaders yesterday. A fairly modest demand in a market short of stock helped prices to close at the day's highest. Beecham, 638p, and Glaxo, 536p, rose 10 and 11 respectively, while Pilkington gained 7 to 462p and Boots 4 to 208p. A dull market of late following a bearish statement concerning current year prospects, Turner and Newall picked smartly to finish 6 to the good at 172p with the New nil-paid shares ending the same amount up at 20p premium. Elsewhere, B. and I. Nathan rose 4 to 50p in response to the better-than-expected results and S. Simpson A hardened 3 to 103p on the higher first-half earnings. Northern Engineering, also on favourable trading news, added 4½ to 100p and Hoover A ended 8 better at 330p despite reporting a set of first-quarter figures which failed to match expectations. Dealings in Carlton Industries were resumed and the shares closed at 180p, 10 higher than Wednesday morning's suspension price, following details of the surprise deal with Hawker, 2 harder at 202p; parent group London Merchant Securities, at 86p, encountered profit-taking and lost half of the previous day's rise of 14, while the Capital issues relinquished 6 to 85p. Comment on the record profits induced a good two-way trade in European Ferries which finished 7 higher at 117½p and a rise of 11 to 153p in Foseco Minsep. De La Rue, 288p, and Campari, 130p, gained 8 and 7 respectively but on disappointment with interim figures, M.Y. Dart fell 6 to 59p.

A resurgence of speculative buying on bid hopes helped Johnson Group appreciate 5 to 96p. Robert McBride finished 5 harder at 420p; news of the proposed scrip issues came well after market hours.

Although closing slightly below the best, Motors and kindred issues still showed some reasonable gains following a fair trade. Lucas Industries ended 10 higher at 288p, while rises of 3 were seen in Associated Engineering, 118p, and Dunlop, 84p. Rolls-Royce touched a 1978 peak of 91p before closing a like amount up at 90p. Caffyns were raised 8 to 118p in a thin market, while Lex Service finished 1½ harder at 78½p and Dutton-Forshaw 2 better at 49p. Against the trend, Flight Refuelling eased to 110p following preliminary figures in line with expectations.

North Sea oil favourite Thomson stood out in firm Newspapers with a fresh rise of 13 to 248p, while News International revived with a gain of 10 to 240p in Paper/Printings. Mills and Allen added 7 to 182p on small speculative buying and Jefferson Smurfit moved up 5 to 194p in late response to the higher annual profits.

Properties closed on a quietly firm note. Hammerson "A" edged up to 580p in front of to-day's annual results, while Property Partnerships found more support to close 2 better at 86p for a two-day rise of 9. On the other hand, Chesterfield encountered small selling and shed 5 to 272p. Marler Estates returned from suspension at 27p, compared with Monday's suspension price of 21p, on the conditional agreement whereby Blade Investments is to acquire the Marler equity at 25p per share.

Oils firm again

Oils encountered useful demand encouraged by the overnight strength of Wall Street. British Petroleum closed 16 higher at 800p, after 804p, and Shell rose 8 to 550p. *Lasmo advanced 11 to 177p* while the "Ops" put on 15 to 259p and Tricentrol 3 to 163p to 259p an dTricentrol 3 to 163p. KCA International rose 2 to 30p after 31p following a bid approach from Mr. Travis Ward on the basis of 29p per Ordinary share for the entire share capital.

Steel Bros. moved into the limelight in Overseas Traders, advancing 29 to 405p on small buying in a restricted market. Gill and Duffus rose 5 more to 240p on further consideration of the results, while renewed speculative interest left Jamaica Sugar 2 harder at 16p and J. E. Sanger 5 to the good at 37p. Tozer Kemsley, still reflecting recent trading news, hardened 2 to 52p.

Stanhope General provided a dull feature at 100p, down 22, on the announcement that the recent bid talks had been terminated. Other Investment Trusts closed firmly following an improved business. London and Gartmore stood out at 67p, up 7, while Investing in Success, 125p, and Estate Duties, 278p, put on 3 apiece. In Financials, Fashion and General rose 7 to 122p in sympathy with Furness Withy; the latter rose 12 to 249p for a two-day gain of 18. P & O Deferred were also notably firm at 98p, up 3, awaiting next Wednesday's preliminary figures.

Courtaulds featured Textiles, closing 5 better at 117p following a good turnover. Tootal hardened a penny to 50p on the increased earnings, but Shiloh Spinners lost a like amount at 21p on the preliminary figures. Dealings in RKT were suspended at 72p following the announcement of a conditional bid from its parent Robert Kitchen Taylor.

Among South African Industrials, Gold Fields Properties revived with a rise of 11 to 78p.

Castlefield were again prominent in Rubbers, jumping 52 to 300p in the wake of continuing demand from the Far East. HME moved up 3 to 36p and London Sumatra 5 to 185p.

Golds improve

In a generally buoyant mining market, South African Golds moved ahead strongly for the second day running as the bullion price gained ground to close $2.25 better at $170.625 per ounce.

Turnover was also much improved and a good buying demand was seen throughout the day. Initially, Cape interest caused share prices to be marked up and prices closed at the day's best on local and U.S. buying.

The Gold Mines index advanced 3.8 more to 145.2 for a two-day improvement of 9.9.

Outstanding the heavyweights were Randfontein, a point firmer at £34, Western Holdings, a similar amount better at £18, and Free State Geduld and Hartebeest, which were around a half-point to the good at £16 and £10½ respectively.

Among the lower-priced stocks Southvaal registered a rise of 20 at 462p and Kinross gained 12 at 297p.

On the other hand, Financials failed to attract much attention with the notable exception of "Amgold," £15½ and Gold Fields of South Africa, £11½, which were both around ½ better.

London-registered issues were subdued despite the upturn in U.K. equities. Cape interest lifted Platinums with Rustenburg 3 harder at 75p and Bishopsgate a penny firmer at 74p, but Coppers remained neglected.

Persistent buying in generally thin markets saw Tins move ahead substantially in early dealings and the gains were held although interest waned in the afternoon.

Malayan Tin were prominent and advanced 20 to a 1978 high of 315p, while Southern Malayan put on 15 to 255p and Southe[illegible] Kinta 10 to 160p.

A further strong showing overnight Sydney and Melbou[illegible] markets enabled Australians continue their recent upw[illegible] trend.

Uraniums were again in dema[illegible] with Pancontinental 50 higher 975p, after £10, Peko-Wallsend better at 467p and EZ Industr[illegible] 10 up at 205p.

Coals were equally firm. U[illegible] Mining improved 20 to 330p a[illegible] Thiess Holdings gained 14 to 20[illegible] The UK-registered Hampton Ar[illegible] responded to renewed speculat[illegible] support with a rise of 4 to a 1[illegible] high of 136p.

Elsewhere, profit-taking lower Northgate 25 to 360p.

FINANCIAL TIMES STOCK INDICES

	Apr. 27	Apr. 26	Apr. 25	Apr. 24	Apr. 21	Apr. 20	A year ago
Government Secs.	71.22	71.24	71.47	71.88	71.57	71.55	[illegible]
Fixed Interest	74.32	74.47	74.79	75.06	74.98	75.08	[illegible]
Industrial Ordinary	467.8	457.8	460.7	460.4	[illegible]	[illegible]	[illegible]
Gold Mines	[illegible]	141.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ord. Div. Yield	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Earnings Y'ld% (full)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
P/E Ratio (net)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dealings marked	4,727	5,110	[illegible]	[illegible]	[illegible]	4,995	[illegible]
Equity turnover £m.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Equity bargains total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

HIGHS AND LOWS

	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (5/1)	71.28 (27/4)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	74.55 (27/4)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	497.3 (6/1)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	[illegible] (6/3)	130.3 (6/1)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Apr. 27	Apr. 26
—Daily		
Gilt-Edged	144.9	172.0
Industries	164.3	170.2
Speculative	46.4	39.7
Totals	107.6	116.3
5-day Av'rage		
Gilt-Edged	[illegible]	172.0
Industrials	156.4	158.8
Speculative	38.6	37.6
Total	106.8	108.0

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (150)

LOANS (1)
AMERICANS (17)
CANADIANS (1)
BANKS (2)
[illegible]

NEW LOWS (28)

[illegible]

FOREIGN BONDS (2)
Ireland 7½pc '81-83. Ireland 9¾pc '91-[illegible]
CHEMICALS (1)
Alginate
DRAPERY & STORES (1)
Henriques (A.)
FOODS (1)
Low (Wm.)
INDUSTRIALS (2)
[illegible]

RISES AND FALLS YESTERDAY

[illegible]

FOOD PRICE MOVEMENTS

	April 27 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton	1,090 +30	1,060	1,060
British A.1 per ton	1,065 +30	1,035	1,035
Irish Special per ton	1,065 +30	1,035	1,035
Ulster A.1 per ton¶	1,065 +30	1,035	1,035
BUTTER			
NZ per 20 lbs	11.41/11.52	11.41/11.52	11.41/11.52
English per cwt†	67.37	67.38	67.38
Danish salted per cwt†	70.15/72.42	70.15/72.42	70.15/71.18
CHEESE¶			
NZ per tonne	1,161.50	1,161.50	1,161.50
English cheddar trade per tonne	1,202.10	1,202.10	1,219.42
EGGS*			
Home produce:			
Size 4	3.40/3.90	3.40/3.90	3.60/4.20
Size 2	4.30/4.80	4.30/4.80	4.10/4.70
	April 27 p	Week ago p	Month ago p
BEEF			
Scottish killed sides (ex-KKCF)	53.0/56.0	52.5/56.5	50.5/53.5
Eire forequarters	37.0/39.0	36.0/40.0	35.0/38.0
LAMB			
English	—	—	50.0/60.0
NZ PLs-PMs	46.0/48.0	43.5/47.5	43.0/46.0
MUTTON—English ewes	—	—	—
PORK—(all weights)	36.0/45.0	36.0/44.0	35.0/43.5
POULTRY—Broiler chickens	34.0/35.5	33.0/36.0	32.8/35.0

* London Egg Exchange price per 120 eggs. † Delivered. ¶ For delivery April 29-May 5.

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Apr. 25	May 9	July 20	Aug. 1
May 10	May 22	Aug. 3	Aug. 17
May 23	Jun. 6	Aug. 17	Aug. 31

For rate indications see end of Share Information Service

Stocks favoured for the call were Consolidated Gold Fields, BP, Town and City Properties, Jessups, Furness Withy, European Ferries C. E. Heath, Fitch Lovell, J. E. Sanger, Ladbroke Warrants, Orme Developments, Parkland Textile A. British Land. P & O Deferred, Status Discount, Britannia Arrow, Rexmore, Warner Holidays A. Alexanders, Brentnall Beard, Maple, Bridge Oil Dobson Park, Vickers, Charterhall and I. D. and S. Rivlin. Puts were done in Staflex International and Burmah Oil, *while doubles were arranged in* British Land, Fitch Lovell, Sharna Ware, BP and Britannia Arrow.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
BP	£1	15	800	+16	864	720
Amal. Power	25p	11	130	+ 9	132	108
European Ferries	25p	11	117½	+ 7	117½	99
ICI	£1	11	343	+ 5	365	328
BATs Defd.	25p	10	265	+ 2	269	227
Grand Met.	50p	10	108	+ 2	109	87
Shell Transport	25p	10	550	+ 8	550	484
Allied Breweries	25p	9	88½	+ 4	93½	78
Tarmac	50p	9	151	+14	151	124
Trnr. Newll. 'New'	Nil/pd.	9	20pm	+ 6	20pm	11pm
Utd. City Mchnts.	10p	9	62	+ 1	64	41
Bowater	£1	8	200	+ 4	202	163
Courtaulds	25p	8	117	+ 5	125	109
GEC	25p	8	248	+ 8	278	233
RTZ	25p	8	200	+ 1	210	164

LONDON TRADED OPTIONS

Option	Ex'rcise price	July Closing offer	July Vol.	October Closing offer	October Vol.	January Closing offer	January Vol.	Equity close
BP	750	75	11	94	11	107	6	798p
BP	800	42	6	65	6	78	2	,,
Com. Union	140	13	2	16½	—	19	—	144p
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Totals			[illegible]		[illegible]		[illegible]	

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or –	Div.	Times Covered	Gross Yield	P/E Ratio
105	F.P.	26/4	133	118	Saga Holidays	135	+2	6.75	2.7	7.8	8.9

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

FT—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS

GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

Thurs., April 27, 1978

	Groups & Sub-sections	Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 34%)	Est. P/E Ratio (Net)	Wed. Apr. 26	Tues. Apr. 25	Mon. Apr. 24	Fri. Apr. 21	Year ago
1	CAPITAL GOODS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2	Building Materials	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	Contracting, Construction	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Electricals	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	Engineering Contractors	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	Mechanical Engineering	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8	Metals and Metal Forming	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
11	CONSUMER GOODS (DURABLE)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12	Lt. Electronics, Radio TV	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
13	Household Goods	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
14	Motors and Distributors	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21	CONSUMER GOODS (NON-DURABLE)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22	Breweries	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
23	Wines and Spirits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
24	Entertainment, Catering	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25	Food Manufacturing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26	Food Retailing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32	Newspapers, Publishing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33	Packaging and Paper	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34	Stores	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35	Textiles	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36	Tobaccos	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
37	Toys and Games	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41	OTHER GROUPS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42	Chemicals	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43	Pharmaceutical Products	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44	Office Equipment	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45	Shipping	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46	Miscellaneous	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51	Oils	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63	Discount Houses	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64	Hire Purchase	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance Brokers	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Miscellaneous	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Thurs. Apr. 27	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	[illegible]	[illegible]	[illegible]	[illegible]
2	5-15 years	[illegible]	[illegible]	[illegible]	[illegible]
3	Over 15 years	[illegible]	[illegible]	[illegible]	[illegible]
4	Irredeemables	[illegible]	[illegible]	[illegible]	[illegible]
5	All stocks	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST YIELDS

Br. Govt. Av. Gross Red.

[illegible]

		Thurs., April 27 Index No.	Yield %	[illegible]
15	20-yr. Red. Deb & Loans (15)	[illegible]	[illegible]	[illegible]
16	Investment Trust Prefs. (15)	[illegible]	[illegible]	[illegible]
17	Coml. and Indl. Prefs. (20)	[illegible]	[illegible]	[illegible]

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 22p.

هكذا من الأجل

INSURANCE, PROPERTY, BONDS

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

For New Court Property see under Rothschild Asset Management

BASE LENDING RATES

A.B.N. Bank	7½%	■ Hill Samuel	§ 7½%
Allied Irish Banks Ltd.	7½%	C. Hoare & Co.	† 7½%
American Express Bk.	7½%	Julian S. Hodge	8½%
Amro Bank	7½%	Hongkong & Shanghai	7½%
A P Bank Ltd.	7½%	Industrial Bk. of Scot.	6½%
Henry Ansbacher	7½%	Keyser Ullmann	7½%
Banco de Bilbao	7½%	Knowsley & Co. Ltd.	9 %
Bank of Credit & Cmce.	7½%	Lloyds Bank	7½%
Bank of Cyprus	7½%	London Mercantile	7½%
Bank of N.S.W.	7½%	Edward Manson & Co.	9 %
Banque Belge Ltd.	7½%	Midland Bank	7½%
Banque du Rhone	8 %	■ Samuel Montagu	7½%
Barclays Bank	7½%	■ Morgan Grenfell	7½%
Barnett Christie Ltd.	8½%	National Westminster	7½%
Bremar Holdings Ltd.	8½%	Norwich General Trust	7½%
Brit. Bank of Mid. East	7½%	P. S. Refson & Co.	7½%
Brown Shipley	7½%	Rossminster Accept'cs	7½%
Canada Perm'nt. Trust	7½%	Royal Bk. Canada Trust	7½%
Capitol C & C Fin. Ltd.	8½%	Schlesinger Limited	7½%
Cayzer Ltd.	8 %	E. S. Schwab	9½%
Cedar Holdings	8 %	Security Trust Co. Ltd.	8½%
Charterhouse Japhet	7½%	Shenley Trust	9½%
Choulartons	7½%	Standard Chartered	7½%
C. E. Coates	8½%	Trade Dev. Bank	7½%
Consolidated Credits	6½%	Trustee Savings Bank	7½%
Co-operative Bank	* 7½%	Twentieth Century Bk.	8½%
Corinthian Securities	6½%	United Bank of Kuwait	7½%
Credit Lyonnais	7½%	Whiteaway Laidlaw	8 %
The Cyprus Popular Bk.	7½%	Williams & Glyn's	7½%
Duncan Lawrie	¶ 7½%	Yorkshire Bank	7½%
Eagil Trust	7½%		
English Transcont.	8 %		
First London Secs.	[illegible]		
First Nat. Fin. Corpn.	8½%		
First Nat. Secs. Ltd.	8 %		
■ Antony Gibbs	7½%		
Greyhound Guaranty	7½%		
Grindlays Bank	‡ 7½%		
■ Guinness Mahon	7½%		
■ Hambros Bank	7½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 4%. 1-month deposits 4½%.
† 7-day deposits on sums of £10,000 and under 4%, up to £25,000 4½% and over £25,000 5%.
‡ Call deposits over £1,000 4%.
§ Demand deposits 5%.
¶ Rate also applies to Sterling Ind. Secs.

World Wide Growth Management◆
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd | $US13.43 | +0.02 | —

NOTES

Prices do not include $ premium, except where indicated ◆, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ◆. ¶ Guernsey gross. ‡ Suspended. ◆ Yield before Jersey tax. † Ex-subdivision.

CORAL INDEX: Close 464-468

INSURANCE BASE RATES

† Property Growth .... 8 %
† Vanbrugh Guaranteed .... 8 %
† Address shown under Insurance and Property Bond Table

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1978 High	Low	Stock	£	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
102¾	100¾	Treasury 10½pc '78‡‡	100¾	–⅛	10.43	7.23
99⅝	98¼	Exch. 5pc '76-78‡‡	99	–⅛	5.05	7.41
105⅛	102⅞	Treasury 11½pc '79‡‡	102⅞	–⅛	11.23	8.46
97	94¾	Treasury 3pc '79‡‡	95⅝	......	3.14	6.32
97⅞	95⅛	Electric 4¼pc '74-79	96⅛	......	4.41	6.96
104	101⅝	Treasury 10½pc '79‡‡	101⅞xd	......	10.31	9.16
96½	94¼	Electric 3½pc '76-79	95¼xd	–⅛	3.65	6.42
103⅛	98⅛	Treasury 9pc 1980‡‡	99¼	–⅛	9.07	9.42
102	99⅜	Treasury 9½pc '80‡‡	100⅛xd	–⅛	9.49	9.44
95⅛	92⅜	Treasury 3½pc '77-80	93¼	......	3.75	6.95
96½	94	Funding 5¼pc '78-80‡‡	95	......	5.53	7.83
110¼	105½	Exchequer 13pc 1980‡‡	106⅛xd	......	12.25	10.23
106¼	102½	Treasury 11½pc 1981‡‡	102⅞	......	11.20	10.31
91⅝	88⅝	Treasury 3½pc 1979-81	89⅝	......	3.92	7.78
101¼	98	Treasury 9¾pc 1981‡‡	98	......	9.95	10.17
97	94	Exch. 8¼pc 1981	94	......	8.69	10.17
100¼	97⅝	Exch. 9½pc 1981	97⅝	......	9.73	10.37
87	86¾	Exch. 3pc 1981	86⅞	......	3.45	7.55
96	96⅛	Treas. Variable '81§§	96⅛xd	......	6.38	8.72
111	105	Exch. 12¾pc 1981‡‡	106⅛xd	......	12.01	10.64
99⅛	94¾	Treas. 8½pc '80-82‡‡	94¾	......	8.97	10.21
86⅝	83¼	Treasury 3pc '82‡‡	84¼	......	3.56	7.87
115⅞	110	Treasury 14pc '82‡‡	110	......	12.72	10.74
96	95	Treas. Variable '82§§	95	......	7.81	8.76
96⅜	92½	Treasury 8¼pc '82	92½	......	8.92	10.50
100¼	95	Exch. 9¼pc 1982	95	......	9.74	10.68
96	93	Exch. 8¾pc 1983	93	......	9.41	10.67
85¼	80¼	Exch 3pc '83	81	......	3.70	7.80
114¼	104⅞	Treasury 12pc 1983‡‡	104⅞	......	11.44	10.68
		Five to Fifteen Years				
100⅛	95¾	Treasury 9½pc '83	96⅝	......	9.83	10.75
89⅝	84¼	Funding 5½pc '82-84‡‡	84⅜	......	6.64	9.45
96⅞	91⅞	Treasury 8½pc '84-86‡‡	91⅞	......	9.51	10.46
87⅝	79	Funding 6½pc '85-87‡‡	79⅛xd	......	8.21	10.07
89⅝	82¼	Treasury 7¾pc '85-88‡‡	83⅝	......	9.49	10.83
68⅜	61¾	Transport 3pc '78-88	62	......	4.91	8.90
75⅝	65⅝	Treasury 5pc '86-89	65¾	......	7.62	10.15
115¼	107⅛	Treasury 13pc 1990‡‡	107½	......	12.52	12.36
89⅛	81¼	Treasury 8¼pc '87-90‡‡	82½	......	10.38	11.41
106½	98⅛	Treasury 11¾pc 1991	98⅝	......	12.35	12.51
75⅛	65	Funding 5¾pc '87-91‡‡	65	......	8.90	10.91
112⅛	103¾	Treasury 12¾pc '92‡‡	104⅛	......	12.65	12.62
96⅜	85½	Treasury 10pc 1992	86⅝	......	11.79	12.30
113	99	Exch. 12¼pc '92	99½	......	12.57	12.64
		Over Fifteen Years				
110⅝	101	Treasury 12½pc '93‡‡	102⅜	......	12.65	12.67
72⅜	62¼	Funding 6pc 1993‡‡	62⅜	......	9.73	11.31
120¼	105¾	Treasury 13¾pc 1993‡‡	105¾xd	......	12.93	12.81
128⅞	113⅜	Treasury 14½pc '94‡‡	113⅜	......	13.05	12.83
114⅛	100¼	Exch. 12½pc 1994	100¼	......	12.75	12.79
89⅞	78	Treasury 9pc '94‡‡	78xd	......	11.47	12.03
106¼	98¼	Treasury 12pc '95	98¼	......	12.61	12.69
51⅞	44¾	Gas 3pc '90-95	44¾xd	......	6.70	9.69
95	85¾	Exch. 10¼pc 1995	86⅛	......	12.20	12.52
200	99½	Treasury 12¾pc '95‡‡	99½xd	......	12.74	12.73
90½	78⅛	Treasury 9pc '92-96‡‡	78⅛	......	11.68	12.17
131½	115⅝	Treasury 15¼pc '96‡‡	115⅝xd	......	13.16	12.96
117⅝	102⅝	Exchequer 13¼pc '96‡‡	102⅝xd	......	12.83	12.79
50	43⅞	Redemption 3pc 1986-96	43⅞	......	6.87	9.56
115¼	106½	Treasury 13¾pc '97‡‡	106½	......	12.86	12.81
98⅝	86½	Exchequer 10½pc 1997	87⅛	......	12.32	12.55
88¼	76⅛	Treasury 8¾pc 1997‡‡	76⅛	......	11.71	12.16
72¾	61⅛	Treasury 6¾pc '95-98‡‡	61⅛xd	......	11.03	11.87
135¾	119¾	Treas. 15½pc '98‡‡	119⅜	......	13.12	12.94
—	—	Ex 12pc '98 £30pd.	£96	......	12.50	12.54
90½	82⅜	Treasury 9½pc 1999‡‡	82⅜	......	11.92	12.20
96¼	84	Treasury 10½pc 1999	84¼xd	......	12.37	12.57
42½	37½	Funding 3½pc '99-04	37½	......	9.59	10.85
80⅞	68⅞	Treasury 8pc '02-06‡‡	68⅞	......	11.70	11.91
58¾	48¼	Treasury 5½pc '08-12‡‡	46⅞	......	11.43	11.67
76⅝	67⅞	Treasury 7¾pc '12-15‡‡	67⅞	......	11.76	11.84
		Undated				
37⅛	33¼	Consols 4pc	33⅛	......	12.33	—
37⅛	32⅞	War Loan 3½pc‡‡	32⅞xd	......	10.62	—
39¼	33	Conv. 3½pc '61 Aft.	35⅛	......	10.04	—
28⅝	24⅜	Treasury 3pc '66 Aft.	24⅜	......	12.40	—
24⅛	21	Consols 2½pc	21	......	11.99	—
24	20¼	Treasury 2½pc	20¼	......	12.46	—

**INTERNATIONAL BANK

High	Low	Stock	£	+ or –	Int.	Red.
88	83	5pc Stock '77-82	83	......	6.02	9.94

**CORPORATION LOANS

High	Low	Stock	£	+ or –	Int.	Red.
98¼	95	Birm'ham 6¾pc '79-81	96	–¼	9.64	10.71
94¼	90¾	Bristol 7¾pc '79-81	91¼xd	–¼	8.49	10.77
107	102¾	G.L.C. 12½pc '82	102¾xd	–¼	12.16	11.62
112	103¾	Do. 12½pc 1983	104½	–½	12.26	11.98
97¼	94	Glasgow 9¼ '80-82	94xd	–¼	9.83	10.97
93	90¼	Herts. 5½pc '78-80	91xd	–¼	5.77	10.16
99½	97⅞	Liverpool 5¾pc '76-78	98⅞	–⅛	5.82	8.32
102½	90½	Do. 9¾pc '80-84	90½xd	–1	10.70	11.86
29¼	27	Do. 3½pc Irred.	27½	–¼	13.04	—
100⅛	99	Lon. Corp. 6½pc '75-78	99⅞	–⅛	6.54	8.66
99¼	91	Do. 9¼pc '84-85	91	–½	10.23	11.17
97¼	95	L.C.C. 6pc '76-79	95⅛	–⅛	6.29	9.76
92½	87	Do 5½pc '77-81	87	–¼	6.31	10.09
87½	76½	Do 5½pc '82-84	76½	–1	7.33	11.17
75½	69	Do. 5½pc '85-87	69	–½	8.21	11.40
78	69½	Do 6¾pc '88-90	69½	–½	9.99	11.83
26½	23¼	Do. 3pc '20 Aft.	23½	–¼	13.23	—
93¾	91½	Middx. 5¼pc 1980	91¾	–½	5.72	10.11
99½	96	Newcastle 9¼pc '78-80	96	–¼	9.63	11.17
106¾	102½	Warwick 12½% 1980	103xd	–¼	12.13	11.08

COMMONWEALTH & AFRICAN LOANS

High	Low	Stock	£	+ or –	Int.	Red.
100⅞	98½	**Aust. 5½pc '75-78	98⅝	–⅛	5.60	9.53
95¾	93½	**Do. 5½pc '77-80	94¼	–½	5.94	10.41
88¼	83½	**Do. 5½pc '81-82	83½	–1	6.62	10.87
98⅝	96¾	**N.Z. 4pc 1976-78	98⅝	......	4.11	8.74
96½	92¾	**Do. 6pc '76-80	94¼	–¼	6.43	10.04
87¼	85½	**Do. 7½pc '83-86	85¾	–½	9.03	10.66
95	91	Sth. Africa 9½pc '79-81	94xd	......	10.20	11.54
70	55	Sth. Rhod. 2½pc '65-70	59	......	—	—
96	85	Do. 6pc '78-81	90	......	—	—

LOANS

Public Board and Ind.

High	Low	Stock	£	+ or –	Int.	Red.
64½	59	Agric. Mt. 5pc '59-89	61	......	8.41	11.55
90½	85½	Alcan 10½pc '89-94	85½	......	12.95	13.40
33¼	29¼	**Met. Wtr. 3pc 'B'	29¼	–½	10.41	12.09
132	107	U.S.M.C. 9pc 1982	132	+5	7.03	2.80
95½	92½	Do. without Warrants	95½	......	9.83	11.50

Financial

FOREIGN BONDS & RAILS

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

AMERICANS—Continued

S.E. List Premium 46¼% (based on $US1.8235 per £)

Conversion factor 0.6826 (0.6855)

CANADIANS

S.E. List Premium 46¼% (based on $2.0605 per £)

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

BUILDING INDUSTRY—Cont.

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Cont.

ELECTRICAL AND RADIO

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INSURANCE

هكذا من الأصل

INDUSTRIALS—Continued

INSURANCE—Continued

PROPERTY—Continued

INV. TRUSTS—Continued

FINANCE, LAND—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

Finance, Land, etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

MINES—Continued

CENTRAL AFRICAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Yld Gr's
210	155	Falcon Rh.50c	180	......	Q50c	1.3	23.7
24	17	Rhod'n Corp. 16½p.	19xd	......	0.56	ϕ	4.5
73	52	Roan Cons. K4	65	......	—	—	—
140	122	Tanganyika 50p	140	......	Q11.0	1.1	7.9
80	78	Do. Pref. 80p	80	......	Q9%	16.4	9.0
41	32	Wankie Col. Rh.1	37xd	+1	†Q7½c	1.4	17.3
12½	10	Zam.Cpr.SBD0.24	11½	......	—	—	—

AUSTRALIAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Yld Gr's
12	10	Acmex 25c	10	......	—	—	—
113	64	Bougainville 50Toea	104	......	Q8c	1.4	4.8
78	63	BH South 50c	74	......	—	—	—
217	148	Conzinc Riotinto 50c	216	......	Q10c	2.2	2.9
72	48	G.M. Kalgoorlie $1	52	+2	—	—	—
136	81	Hampton Areas 5p	136	+4	1.45	4.1	1.6
17	10	Metals Ex. 50c	16	......	—	—	—
187	125	M.I.M. Hldgs. 50c	186	−1	Q9c	1.7	3.0
24	10	Mount Lyell 25c	23	+1	—	—	—
2½	1½	Newmetal 10c	2	......	—	—	—
112	79	North B. Hill 50c	109	......	Q8c	1.5	4.6
11½	8½	Nth. Kalgurli	9½	−½	—	—	—
156	117	Oakbridge $A1	149	......	†Q11c	1.9	4.6
40	30	Pacific Copper	34	......	—	—	—
£10¼	750	Pancont'l 25c	975	+50	—	—	—
18½	12	Parinca M&Ex.5p	16	......	—	—	—
480	310	Peko-Wallsend 50c	467	+17	Q15c	4.0	2.0
122	84	Westn. Mining 50c	120	......	Q6c	1.4	3.1
50	35	Whim Creek 20c	40	+5	—	—	—

TINS

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Yld Gr's
30	24	Amal. Nigeria	24	......	†2.51	1.6	15.9
310	240	Ayer Hitam $M1	305	+5	±Q40½c	0.9	‡
55	45	Beralt Tin	51	......	3.75	ϕ	11.7
260	200	Berjuntai $M1	255	+5	±Q110c	ϕ	‡
140	111	Geevor	135	+5	18.05	3.4	20.3
10	8½	Gold & Base 12½p	9	......	—	—	—
270	220	Gopeng Cons.	230xd	+5	15.0	0.9	9.9
160	130	Hongkong	160	+10	—	—	—
93	78	Idris 10p	80xd	......	7.5	ϕ	14.2
11	10	Jantar 12½p	11	......	—	—	—
73	68	Kamunting $M0.50	69	+1	ZQ15.5c	0.7	4.8
460	450	Killinghall	460	+5	Q125	ϕ	27.2
320	280	Malay Dredging $M1	315	+20	†Q95c	0.8	6.5
53	40	♦Pahang	53	+1	†Q2.5	0.5	4.7
59	50	Pengkalen 10p	50	......	6.5	1.3	19.7
190	145	Petaling $M1	185	+5	mQ12½c	10.9	1.4
61	49	Saint Piran	56	+3	g1.99	4.6	5.4
61	47	South Crofty 10p	55	+2	4.13	1.5	11.4
180	140	South Kinta $M0.50	160	+10	†Q77.8c	1.4	10.4
280	230	Sthn Malayan $M1	255	+15	†Q131.3c	1.1	11.1
183	134	Sungei Besi $M1	183	+8	—	—	—
70	55	Supreme Corp. $M1	70	+2	ZQ10c	—	3.1
100	85	Tanjong 15p	90xd	+5	6.5	ϕ	10.9
90	74	Tongkah Hrbr. $M1	90	+5	Q56.62%	1.6	13.6
192	148	Tronoh $M1	192	+7	ZQ88c	ϕ	9.8

COPPER

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Yld Gr's
96	70	Messina R0.50	88	......	‡Q30c	1.9	‡

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Yld Gr's
10½	9	Burma Mines 17½p.	10½	......	—	—	—
300	220	Cons. Murch. 10c	245	......	Q30c	2.6	7.3
365	245	Northgate C$1	360	−25	—	—	—
210	164	R.T.Z.	200	+1	9.5	2.8	7.4
46½	30	Sabina Inds. C$1	34	......	—	—	—
950	750	Tara Exptn. $1	930	......	—	—	—
45	43	Tehidy Minerals 10p	43	......	1.33	ϕ	4.8
162	120	Yukon Cons. C$1	156	+3	Q7c	ϕ	2.1

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- A Sterling denominated securities which include investment dollar premium.
- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ≠ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issues: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✦ Regional price.
- ‖ No par value

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv 20p	23	......
Ash Spinning	45	......
Bertam	23	......
Bdg'wtr Est. 50p	268	......
Clover Croft	22	......
Craig & Rose £1	410	......
Dyson (R. A.) A	40	......
Ellis & McHdy	65	......
Evans Fr'k 10p	57#	......
Evered	14	......
Fife Forge	50	+1
Finlay Pkg. 5p	20	......
Graig Ship. £1	150	......
Higsons Brew	77	......
I.O.M. Stm. £1	145	......
Holt (Jos.) 25p	252	......
N'thn. Goldsmith	55	......
Pearce (C. H.)	128	......
Peel Mills	19	......
Sheffield Brick	48	......
Sheff Refrshmt.	50	......
Sindall (Wm.)	85	......

IRISH

Conv 9% '80/82	£93½	......
Alliance Gas	65	......
Arnott	290	......
Carroll (P.J.)	93	......
Clondalkin	100	......
Concrete Prods.	128	......
Heiton (Hldgs.)	40	......
Ins. Corp.	186½xd	......
Irish Ropes	132	......
Jacob	65xd	......
Sunbeam	32	......
T.M.G.	193	......
Unidare	95	......

OPTIONS

3-month Call Rates

Industrials					
A. Brew	6½	"Imps"	7	Unilever	40
A.P. Cement	13	I.C.L.	20	Utd. Drapery	7½
B.S.R.	9	Inveresk	7	Vickers	15
Babcock	10	KCA	5	Woolworths	6
Barclays Bank	25	Ladbroke	17		
Beecham	38	Legal & Gen.	14	**Property**	
Boots Drug	15	Lex Service	7	Brit. Land	3¼
Bowaters	16	Lloyds Bank	22	Cap. Counties	5
B.A.T.	24	"Lofs"	5	E.P.	5
British Oxygen	6	London Brick	5	Intreuropean	6
Brown (J.)	20	Lonrho	7	Land Secs.	18
Burton 'A'	13	Lucas Inds.	25	MEPC	12½
Cadburys	5	Lyons (J.)	13	Peachey	10
Courtaulds	10	"Mams"	7	Samuel Props.	10
Debenhams	10	Mrks. & Spncr	11	Town & City	2
Distillers	13	Midland Bank	25		
Dunlop	8½	N.E.I.	20	**Oils**	
Eagle Star	11	Nat. West Bank	22		
E.M.I.	18	Do. Warrants	10	Brit. Petroleum	35
Gen. Accident	17	P&O Dfd.	10	Burmah Oil	7
Gen. Electric	18	Plessey	9	Charterhall	3½
Glaxo	40	R.H.M.	5	Shell	28
Grand Met.	9	Rank Org. 'A'	18	Ultramar	22
G.U.S. 'A'	18	Reed Intl.	14		
Guardian	18	Spillers	4	**Mines**	
G.K.N.	22	Tesco	4	Charter Cons.	12
Hawker Sidd.	20	Thorn	22	Cons. Gold	20
House of Fraser	12	Trust Houses	15	Rio T. Zinc	16
		I.C.I.	23	Tube Invest.	30

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Friday April 28 1978

President deposed in Kabul coup

BY SIMON HENDERSON

ISLAMABAD, April 27.

THE ruler of Afghanistan was deposed to-night in a coup after several hours of street fighting in Kabul, the capital.

Broadcasts on Kabul radio said that Major General Dagarwal Abdul Kadir had taken over from President Mohammed Daoud as head of the armed forces revolutionary council.

The broadcasts said that the "last remnants of imperialist tyranny" had been ended. This was interpreted as a reference to President Daoud, who overthrew his cousin, King Mohammed Zahir Shah, in 1973.

Two key questions remained unanswered: the first was the political nature of the new regime; the second, the immediate fate of President Daoud.

The coup may have been provoked by the arrest on Wednesday night of seven members of the Afghan Communist Party. Diplomats believe that Communist sympathisers in the army reacted to the arrests by storming the presidential palace in tanks.

About 50 tanks roared into the centre of the town at midday and started firing on the palace—the Ministry of Defence and the Ministry of the Interior. The French embassy nearby was hit several times and the consulate section was destroyed.

There were reports of bodies lying around the palace after the tank and artillery battle. Soon afterwards, MIG 21 jets strafed the 8th Infantry base at Kargah near the city and the air force headquarters at the airport.

It was not clear which units of the armed forces had remained loyal to the President but fire was returned from some parts of the town.

By late afternoon, when a building in the palace grounds was said to be well alight from gunfire, the volume of fighting had decreased. Troops were patrolling throughout the city and guarding the radio station. A curfew was imposed.

Much unrest

Our Foreign Staff adds: There has been increasing unrest in Afghanistan at the autocratic rule of President Daoud. Since taking power in 1973 he had made the most of Afghanistan's crucial geographical position which borders Iran, the Soviet Union and Pakistan to get aid and support from the West and his powerful neighbours.

Last year he established a political party, the National Revolution Party, but the Government has made little progress in improving the lot of the estimated 19m. people.

Most Afghans are illiterate peasant farmers or nomadic tribesmen, industry is in its infancy and there is a shortage of skilled manpower.

President Daoud came to power backed by a Russian-trained army. His régime vowed to follow a policy of non-alignment and not to enter military pacts although some considered him a Soviet puppet.

Steel Corporation annual loss forecast at £400m.

BY ROY HODSON

A LOSS of £400m. is being forecast for the British Steel Corporation for the year 1978-79 although Sir Charles Villiers, chairman, said last night that the actual figures could turn out to be lower. An estimated loss of £418m. was made in 1977-78.

Interest payments to the Government on accrued borrowings will cost the corporation more than £200m. in the current year. More loans will be necessary. The corporation does not expect to be self-financing for at least five years.

The new Iron and Steel (Amendment) Bill, reported yesterday, will raise the corporation's borrowing powers by a further £1.5bn. with Parliamentary consent.

The early action mentioned in March by Mr. Eric Varley, Industry Secretary, to bring about a capital reconstruction of British Steel's finances and relieve the corporation of part or all of its interest burden is being reconsidered. Sir Charles said last night it was ont likely to happen before next year.

Sensitive

One reason is the Government's wish to avoid any massive writing-off of capital debt for the steel industry while its future prospects are still uncertain. A second reason is the sensitivity being shown by foreign governments to any move that might suggest British public sector steel production was being subsidised.

A detailed account of British Steel's prospects, which has been circulated to MPs and peers, says that a financial reconstruction is one of the requirements for returning British Steel to long-term viability.

Sir Charles said the corporation should be able to break even by March 1980 if orderly conditions are maintained in world steel markets, if home demand for steel improves, and if management becomes more effective.

The corporation warns that there must be further reductions in manning. Sir Charles said that Bethlehem Steel in the United States was making as much steel as British Steel with a labour force of under 100,000 compared with the corporation's current work-force of 164,000 actually engaged on iron and steelmaking.

A reorganisation of the TUC Steel Committee to enable it to respond in future to a wider field of responsibilities is supported by the Government to-day in a new White Paper.

The recommendation was first made by the all-party Commons Select Committee into British Steel which reported recently. The White Paper is the Government's official reply to the committee.

Trade union officials in the steel industry formed a working party last October to look at the need for expanding the steel committee's resources to cope with its increasing role in planning the future of the industry. A meeting is now being sought with the corporation to discuss a preliminary report from the working party.

Prospects for steel and White Paper, Page 10
Editorial Comment, Page 22

Gerald Caplan arrested by FBI in Los Angeles

BY MARGARET REID

MR. GERALD CAPLAN, former chairman of London and County Securities, the collapse of which in November, 1973, touched off the secondary banking crisis, has been arrested by the FBI in Los Angeles on warrants alleging that he stole £2.4m. from the group.

Immediately afterwards, Mr. Richard Langdon, liquidator of London and County, started civil proceedings for the recovery of sums owing to the company by Mr. Caplan and obtained Court orders in the U.S. and Britain freezing Mr. Caplan's assets in both countries.

London and County, of which Mr. Jeremy Thorpe, the former Liberal leader, was a non-executive director, once had total assets of £128m.

Its failure, with losses of £50m., caused such repercussions that the Bank of England and the big banks had to launch their unprecedented £1.2bn. "lifeboat" operation to rescue more than 20 other banking concerns affected by the upheaval.

Mr. Caplan, 47, was arrested following three years of inquiries by the Fraud Squad.

After he had been traced to California, three warrants accusing him of the theft were issued at Bow Street Court some 10 days ago.

They were secretly taken to California last week by Detective Inspector Robin Constable and Detective Sergeant Bernard Brown.

Efforts

Efforts are being made to trace Mr. Caplan's former business associate, Mr. A. Trevor Pepperell, who may be in Germany, as Scotland Yard wish to see him too.

A hard-hitting report on the group by Department of Trade Inspectors, published in January 1976, spoke of Mr. Pepperell and Mr. Caplan as having defrauded London and County of substantial sums. Both strongly denied the allegations made against them.

Further sworn testimony is expected to be given by the Police at Bow Street Court shortly for forwarding to California, where extradition proceedings must now begin if Mr. Caplan is to be returned to Britain to face trial.

In civil proceedings started in California by the London and County liquidator, it was claimed that Mr. Caplan had substantial assets in the U.S., including a *$400,000 (£220,000) house*, property in Montana, and cash and business interests in investment companies.

The liquidator, Mr. Langdon, a leading City accountant, said last night: "I am pursuing whatever money I think is due to the liquidator where I think there is a prospect of recovery."

In Britain, a writ was issued yesterday, and an order, which had been sought a few weeks ago in connection with the proceedings then planned, was also obtained on behalf of the liquidator and served on a number of people, freezing Mr. Caplan's U.K. assets.

Mr. Caplan, a barrister, who is also a judo expert, built up a complex network of companies after buying a tiny concern called London and County (A. and D.) in 1961.

One witness to the Trade Department Inspectors described the group in its heyday as "rather like the court of a medieval king."

Mr. Caplan was refused bail and held in custody at first after his arrest. But a further move to obtain his release on bail was under way yesterday.

PM hits at Ministry 'leaks'

BY PHILIP RAWSTORNE

MR. JAMES CALLAGHAN yesterday angrily accused "mischief-makers" inside the Ministry of Defence of leaks to newspapers. His charge startled the Commons as he vigorously denied a report that he had rejected a request last week from the Service Chiefs of Staff for a meeting to discuss Forces pay.

Mr. Callaghan said later that Mr. Fred Mulley, Defence Secretary, had ordered an inquiry into the "untruthful story" published in The Times.

A departmental inquiry is already being conducted into the unauthorised disclosure of information last week to the Press Association about resignations from the Forces.

Ministers are convinced that there have been deliberate leakages of inaccurate or partial information from the Ministry of Defence recently, in an attempt to increase the pressure for a substantial pay increase for the Forces.

In the Commons, Mr. Callaghan said he had agreed last week to meet the Chiefs of Staff and a date and time had been suggested. But the next day he received a message that the Chiefs "did not think it necessary to meet me at this time."

Mr. Callaghan told MPs that he had a full discussion in March with the Chief of Defence Staff, Marshal of the RAF Sir Neil Cameron.

He added: "I think there is a certain amount of mischief-making going on from the Ministry of Defence at the moment."

He had found it difficult to check on the leaks, "but when they are mischief-making, they are in my view especially dangerous. If I do find out the source of the leak, which clearly comes from the Ministry of Defence, I shall invite the Secretary of State to take appropriate action."

Michael Donne, Defence Correspondent, writes: The Ministry of Defence yesterday denied that the Chiefs of Staff felt they had been "snubbed" by the Prime Minister by not being able to discuss with him the controversial issue of Forces' pay.

It was pointed out that it had not been possible for a meeting to be arranged, because of the pressures on their own, and the Prime Minister's schedules. But they had withdrawn their request for such a meeting on being shown the report of the Armed Forces' Pay Review Body, with its recommendations for restoration of comparability with civilian pay rates by April 1, 1980.

On the question of "leaks" of information the Ministry has concerned itself in recent weeks about the way in which some items of information have percolated through to the Press. It is investigating the sources of such items to stop future leaks.

£16m. losses forecast on Cubitts contracts

By Michael Cassell, Building Correspondent

LOSSES arising out of two contracts undertaken by Cubitts Nigeria, part of the Tarmac Group, will be nearer £16m. than the £12m. originally forecast.

Mr. Robin Martin, chairman of Tarmac, giving details of the revised losses and provisions, also disclosed yesterday that the company had made an ex-gratia payment of £78,000 to Mr. Bill Francis, the group's former vice-chairman, who left last year.

It was claimed at the time that the Nigerian situation was not the sole reason for the departure of Mr. Francis, who was responsible for Nigerian operations, and that differences of opinion had arisen over the group's overseas expansion programme.

Tarmac purchased Cubitts Nigeria, as part of Holland, Hannen and Cubitts, from Drake and Scull in 1976 for £5.3m.

The two companies have been in dispute ever since the losses, on school and airport contracts, first came to light last September. Both are now involved in litigation against each other.

Mr. Martin, who announced that Tarmac Group pre-tax

H. W. A. "BILL" FRANCIS . . . other reasons for departure.

profits rose last year to £24.2m. against £22.5m. the previous year, said that the £12m. sum calculated to cover existing and potential future losses in Cubitts Nigeria had now been raised to £16m., although it could finally be less than that figure.

The increase was the result of two factors. The Nigerian company's activities were being reduced in scope and size, and Tarmac was allowing for future costs relating to overheads, finance interest and the write-down of plant, in addition to the contract losses previously anticipated.

Secondly, as there had been no major contractual or other settlements involving Nigeria, it was impossible to quantify the timing or amouns relating to any redressment of the Nigerian situation.

Mr. Martin said that, in spite of the Nigerian losses, he was confident about the group's future.

A strong U.K. market last year was likely to be even stronger this year, with bigger profits coming from the quarry products, housing and properties divisions.

There was scope for improving overseas business, although he did not foresee any spectacular improvement in results this year.

Last year, the group's international division incurred heavy losses on road and housing contracts in the Middle East.

Serious losses in its German quarrying operations were also recorded and further losses there are expected this year.

Full year figures, Page 30

High Japanese car exports before curbs

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

FIGURES published yesterday indicate that Japanese car manufacturers were planning a large-scale expansion of sales in Britain this year before the latest agreement on limiting export shipments was made in March.

They show that 57,120 Japanese cars were imported into the U.K. in the first three months of this year against 31,257 units in the same period of 1977, costing the country £94.5m. against £42.4m. a year before.

Shipments in March alone almost doubled, from 11,409 vehicles 12 months before to 20,950, and were on a slightly rising trend compared with January and February.

The statistics, issued by the Department of Trade, show why the British Government suddenly became much tougher earlier this year in demanding a curb on Japanese vehicle exports.

By the first week of March, when the new agreement on limiting exports from Japan was made, shipments counted at British Customs were well on course to overhaul last year's total of 166,700 units by a large margin.

Although the new agreement on export curbs came into force on March 8, it was too late to have any effect on last month's figures and it will not have a large impact on the April shipments either.

Because Japanese vehicles spend about sib weeks at sea on their way to Britain, the cars *finding their way into the* statistics last month had been loaded before the deal was made.

Weather

CLOUDY. Some bright intervals. Cold.

London, S.E., S.W., Cen. S. England, E. Anglia, Channel Islands
Bright intervals, showers. Wind S.W., light or moderate. Rather cold. Max. 9-10c (48-50F).

Midlands E., N.W., N.E., Cen. N. England, Wales, Lake District, Isle of Man
Cloudy. Hill fog, rain in places. Cold. Max. 8-9C (46-48F).

Borders, Scotland, N. Ireland
Cloudy, hill fog, rain. Snow on hills. Cold. Max. 5-6C (41-43F).

Outlook: Rain. Sunny intervals. Cold.

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Alexandria	S	34	93	Madrid	C	12	54
Amstrdm.	C	10	50	Manchstr.	C	5	41
Athens	S	20	68	Melbourne	F	14	57
Bahrain	S	26	79	Mexico C.	S	24	75
Barcelona	R	14	57	Milan	F	14	57
Belfast	F	7	45	Montreal	S	14	57
Belgrade	R	15	59	Moscow	C	2	36
Berlin	F	10	50	Munich	F	15	59
Birmghm.	C	5	41	Newcastle	R	5	41
Bristol	C	7	45	New York	S	13	55
Brussels	C	10	50	Oslo	S	8	46
Budapest	C	14	57	Paris	C	12	54
B. Aires	S	21	70	Perth	F	26	79
Cairo	S	28	82	Prague	F	15	59
Cardiff	C	7	45	Reykjavik	R	5	41
Cologne	F	16	61	Rome	F	17	63
Cbonhagn.	C	4	39	Singapore	S	31	88
Dublin	R	6	43	Stockholm	C	5	41
Edinburgh	R	4	39	Strasbrg.	C	16	61
Frankfurt	S	16	61	Sydney	F	16	61
Geneva	R	10	50	Tehran	S	21	70
Glasgow	R	5	41	Tel Aviv	S	26	79
Helsinki	C	3	37	Tokyo	C	19	66
H. Kong	S	26	79	Toronto	S	14	57
Jo'burg	S	22	72	Vienna	F	16	61
Lisbon	F	16	61	Warsaw	S	9	48
London	C	7	45	Zurich	R	10	50
Luxembrg.	F	12	54				

HOLIDAY RESORTS

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Ajaccio	C	17	63	Jersey	C	9	48
Biarritz	F	14	57	Las Plms.	S	21	70
Blackpool	C	7	45	Locarno	R	11	52
Bordeaux	C	13	55	Majorca	F	16	61
Boulogne	C	7	45	Malaga	F	20	68
Casblnca.	F	21	70	Malta	S	20	68
Corfu	R	17	63	Naples	R	15	59
Dubrovnik	C	16	61	Nice	F	16	61
Faro	F	18	64	Nicosia	S	22	72
Florence	R	15	59	Oporto	C	14	57
Funchal	F	19	66	Rhodes	F	21	70
Gibraltar	C	17	63	Salzburg	F	19	66
Guernsey	C	8	46	Tangier	C	15	59
Innsbruck	C	14	57	Tenerife	F	17	63
Inverness	C	5	41	Tunis	S	26	79
I. of Man	C	6	43	Valencia	S	20	68
Istanbul	F	18	64	Venice	R	13	55

F—Fair. S—Sunny. R—Rain. C—Cloudy.

Continued from Page 1

Court to hear tachograph dispute

The U.K. has claimed that it has gone some way to meeting EEC requirements by introducing a system of checks to ensure compliance with laws on drivers' hours and by establishing more than 80 tachograph calibration *centres for domestic and foreign* lorries fitted with the devices.

The Commission has disputed the Government's economic arguments, pointing out that the devices have brought no complaints from drivers on the Continent and are installed on British lorries travelling to other parts of the EEC.

Ian Hargreaves writes: The sped of the Commission's latest move will come as something as *a surprise and a disappointment* to Mr. William Rodgers, Transport Secretary, hwose policy has been to delay a confrontation until relaxation of pay policy in Britain permitted employers to buy-in the tachograph.

There is no confidence in Whitehall that Britain can successfully defend itself in the European Court. A pro-European like Mr. Rodgers would be unlikely to defy a ruling of the court.

The question remains whether the Transport and General Workers' Union will soften its line in the light of a likely court ruling and the prospect of more flexible pay guidelines.

THE LEX COLUMN

Vickers holed by nationalisation

Yesterday's Parliamentary answer confirmed that the Government is determined not to relinquish the possibility of extending dividend control, in case it should have any value as a negotiating counter in consultations with the unions over pay policy.

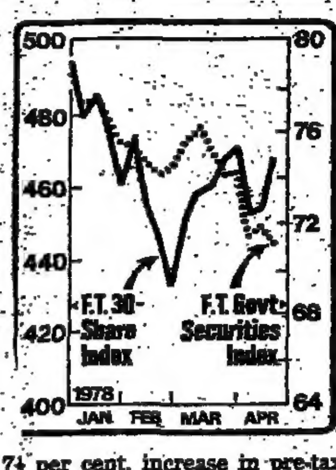
Vickers

The preliminary figures from Vickers demonstrate for the first time the hole that is being carved in its profits by nationalisation of the group's shipbuilding and aircraft *interests*. In the first half, which took in shipbuilding for six months and BAC for four, the pre-tax total was £18.1m. (allowing for a retrospective upward revision of the shipbuilding contribution from £2.3m. to £3.8m.). The second half, in sharp contrast, added just £7m. to take the 1977 total to £25.1m. against £38.3m.

In mitigation, Vickers has not included any notional interest in respect of compensation money, apart from £397,000 in recognition of payments on account amounting to £7m. which have now been received. To this extent the 1977 profits are probably understated by several £m. But the group has still not even started serious negotiations with the Government.

At least Vickers is expecting "some" growth in the profits of the ongoing businesses, which last year advanced only from £22.6m. to £22.7m. at the operating level. Engineering presented a mixed but in aggregate steady picture, while the lithographic printing plate business Howson-Algraphy again showed a big advance (to £9.1m.). The problem area was offshore engineering, where heavy development costs and stiff competition for the North Sea submersibles operation led to a £2.8m. loss. Without a big turnround here it is hard to see 1978 pre-tax profits for the group getting much beyond £20m., even with the benefit of interest on the compensation money. But the yield at 179p is 8.6 per cent.

Index rose 10.0 to 467.8



Tarmac

Tarmac's Nigerian loss—now swollen to £16m. after an estimate of £12m.—is regarded by the chairman as a "pretty big hiccup." But this hiccup has not been swallowed into the profit and loss account as might have been expected. It has been deducted from reserves, and a 7½ per cent. increase in pre-tax profits to £24.2m. and a 10 per cent. dividend rise have been declared as if it did not exist. The dividend yield of 9.8 per cent. indicates, however, that the market is not treating Tarmac's problems quite so casually.

Burdensome contracts are not exclusive to the construction industry and burdensome acquisitions are not extraordinary to Tarmac. Not even part of the £16m. charge relating to a pruning of the Nigerian operations has been regarded as a running cost.

This reflects poorly on the quality of the group's earnings last year, which already reflect a loss of some £2m. in Middle Eastern operations and one in Germany of £2.4m. The good news, however, is a rise of one-fifth in U.K. profits before interest to £30m., and the turnround of the property division. This year Tarmac expects some further improvement in the U.K. (though not on the scale of 1977) and abroad it expects a continuing deficit in Europe to be more than offset by restored profitability elsewhere. This could all add up to £27m. to £30m. pre-tax.

Tootal

Tootal's profit growth has slowed down sharply in the second half. A 42 per cent. increase in the first half has dropped to 12 per cent. in the second six months. For the full year pre-tax profits are £4.0m. higher at £21.8m. but any significant improvement in the current year will not come until the second half.

Until now the U.K. side has made all the running—over the last couple of years have trebled. However U.K. operations cannot [...] this sort of growth to con[...] while the international [...] where profits dropped by [...] last year, is not looking pa[...]larly buoyant. In the g[...] two most important mar[...] North America and Af[...] profits fell by [...] Admittedly, there were [...] special factors such as [...] absence of stock profits a[...] import ban in Nigeria but [...] so the overseas perform[...] was not particularly impre[...]

The recent decline in st[...] will obviously help both [...] seas profits and exports, [...] the recent rationalisatio[...] reduced Tootal's exposu[...] the more cyclical part o[...] textile cycle. However, [...] group still has to demon[...] that it can successfully e[...] the "fashion" business i[...] long term. At 50p the [...] yield 8½ per cent.

George Wimpey

The accountancy bodie[...] terday announced that [...] panies with pre-1976 long [...] contracts will not, afte[...] face tax bills earlier as a [...] of the changeover to accou[...] standard SSAP9. The ne[...] this significant concession [...] the Inland Revenue came c[...] same day as the 1977 r[...] from George Wimpey, [...] group which revealed last [...] that it had entered int[...] annuity-based tax avoi[...] scheme specifically to cope [...] SSAP9. Wimpey reckons [...] the scheme has brought [...] benefit amounting to [...] greater part of its £24.4m [...] charge for 1976, though i[...] not reflected this in [...] accounts so far. It is now [...] that Wimpey was seeking [...] more than protect itself f[...] threatened one-off increa[...] its tax payments asso[...] with the immediate chang[...] to the new accounting stan[...]

Meanwhile, Wimpey's pr[...] profits are 15 per cent. a[...] at £51.4m. for 1977, after [...] per cent. improvement at [...] six months stage. Better [...] expected trading on the [...] house-building side, where [...] activity levels were mainta[...] and good results from [...] Middle East are cited as [...] main factors here. With [...] immediate outlook [...] Wimpey should be abl[...] manage a 10 per cent. gr[...] in pre-tax profits to about £[...] in the current year.

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